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Gorbachev Shake-Up Vow Fails to Silence Critics

By Michael Dobbs

Washington Post Service

MOSCOW — President Mikhail S. Gorbachev promised Friday a limited reshuffle of the Soviet government and the armed forces leadership in an attempt to win back public confidence, but he came under fire for political indecisiveness from both left and right.

Addressing an emergency session of the Soviet parliament to debate the state of the nation, the Soviet leader accused his opponents of seeking to exploit a deepening economic and social crisis as a way to launch "a real struggle for power."

He called on the country's republics to respect a political truce with the Kremlin until the negotiation of a new "union treaty" clarifying the precise division of powers in a redefined Soviet federation.

Mr. Gorbachev's 70-minute speech failed to satisfy many republican leaders who had been summoned to Moscow to attend the special Supreme Soviet session.

The session, which will continue over the weekend, is taking place in a tense atmosphere after deputies threw out their previous agenda Wednesday, complaining about a paralysis of political power.

The Russian president, Boris N. Yeltsin, who is widely regarded as Mr. Gorbachev's most prominent political rival, called for the im-

mediate formation of an anti-crisis committee made up of representatives of all 15 Soviet republics.

He also demanded the dismissal of the present Soviet cabinet headed by Prime Minister Nikolai I. Ryzhkov, describing the central government as "the major power base for the conservative forces in this country."

"The crisis we are experiencing today," Mr. Yeltsin said, "is a crisis of a totalitarian state, which is reflected in the paralysis of power."

Mr. Gorbachev, who leaves Moscow on Sunday for a brief visit to Rome followed by the 34-state European security conference in Paris, made it clear that he had no intention of sacrificing Mr. Ryzhkov at this point.

But he said the 61-year-old prime minister had agreed that it was necessary to broaden the social base of the government to include "politicians and experts who are most popular and enjoy wide social support."

Mr. Gorbachev linked his disclosure of imminent "personnel changes at the highest level of command in the armed forces" to promises to act decisively to defend the army from "slandering" attacks by opposition groups.

He gave no details of the proposed changes, but an unofficial servicemen's union recently said that Marshal Dmitri T. Yazov, the

Soviet defense minister, was likely to be replaced by one of his deputies, General Pyotr G. Lushev.

Further pressure on Mr. Gorbachev came from Communist Party hard-liners, who are demanding a halt to perestroika, his program of economic and political change.

The leader of the Russian Communist Party, Ivan K. Polozkov, asked Mr. Gorbachev to take the "strongest possible measures" to restore law and order in the country, warning that continuing inaction by the Kremlin authorities "could lead us to reconsider our attitude to the center."

"Today we are faced with the fact that Socialist perestroika is being transformed into something else," Mr. Polozkov wrote in the newspaper Sovetskaya Rossiya. He argued that Mr. Gorbachev's innovations had allowed speculators to flourish, weakened the Soviet defense industry, and left the country without military allies following the collapse of the Warsaw Pact.

Weighed down by a litany of complaints from both sides, Mr. Gorbachev has sought to occupy the shrinking center ground in Soviet politics.

In his speech Friday, he insisted that he would stick to his policy of gradual change, but suggested that rapid agreement on the new union

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Boris N. Yeltsin, the Russian president and Mr. Gorbachev's leading rival, shaking hands with fellow legislators Friday in Moscow.

U.S. Aides Skeptical Of Soviet Gulf Talk

But They Expect Definite Answer At Paris Summit

By R. W. Apple Jr.

New York Times Service

BRUSSELS — Secretary of State James A. Baker 3d and other American officials expressed doubt Friday that the Soviet Union wanted a fresh political initiative in the Gulf before the United Nations authorized a military offensive against Iraq.

Yevgeni M. Primakov, who has been serving as President Mikhail S. Gorbachev's special envoy in the Gulf, said in an interview with The New York Times in New York on Thursday that a new effort to find a political solution, involving a promise of a broader Middle East settlement, should precede any Security Council resolution approving the use of military force.

Mr. Baker, who is seeking support from Security Council members for such a resolution, met for a total of 13 hours last week in Moscow with Mr. Gorbachev and with Eduard A. Shevardnadze, the Soviet foreign minister.

A senior American official said Thursday that he had gained no assurance of support for an American resolution, "but they didn't say no," and the Bush administration has received indications that the Soviets will go along.

"We should use up all possibilities for a political solution before force," Mr. Primakov said.

Asked at a press conference here Friday afternoon about the seeming contradiction, Mr. Baker brushed aside Mr. Primakov's comments. But he declined to explicitly question the envoy's authority to speak for his government. Mr. Baker said he remained "confident that we will be able to work well and closely, as we have in the past" with the Soviet leaders.

A member of Mr. Baker's traveling party said the United States expected a definitive answer from the Soviet Union either at a meeting between the secretary and Mr. Shevardnadze on Sunday or at a meeting between Mr. Gorbachev and President George Bush on Tuesday. Both are scheduled for Paris, where the leaders will be taking part in the 34-state Conference on Security and Cooperation in Europe.

If Mr. Primakov's call for further exploration of a diplomatic solution, which he made also in interviews with American television networks, represents Mr. Gorbachev's position, it could cause major trouble for the United States.

The Soviet Union could veto any resolution put forward by Washington, and the Bush administration would doubtless decide, in that event, not to proceed, even though most of its European and Arab allies have been pressing for United Nations authorization before any military offensive.

In his interview with The Times, Mr. Primakov said his ideas would be presented to Mr. Baker on Sunday by Mr. Shevardnadze. But in an interview on public television, he said the specific ideas he was putting forth — including several incentives he said President Saddam Hussein of Iraq could be offered to persuade him to withdraw from Kuwait — were "expressing my own point of view."

Mr. Baker alluded to the second comment, not the first, in seeking to play down the Primakov interviews. He also said that in his talks in Moscow, both Mr. Gorbachev and Mr. Shevardnadze "pointed out that we have a common position" in three key areas: no rewards for withdrawal, no partial settlements and no linking of the Kuwait problem with issues elsewhere in the region. Mr. Primakov's suggestions could be seen as violating all three of those positions, and Mr. Baker apparently meant to suggest they did.

Aides went farther, indicating

Paris Security Conference: Stage for Germany's Grand Re-entrance

By Joseph Fitchett

International Herald Tribune

PARIS — When 34 leaders assemble at 10 A.M. on Monday for the summit meeting of the Conference on Security and Cooperation in Europe, they will be consecrating Germany's return to the center of the political stage in Europe.

The official agenda for the three days of discussion and festivities concentrate on the Cold War's end, on largely Western terms, and on charting a stable future for a new Europe that views the Soviet Union as a partner with the West, not an antagonist.

Historically, however, the occasion will be just as important because it consecrates German re-

unification and replaces the never-signed peace treaty ending World War II.

Such a document was rejected by Moscow for decades while it sought to intimidate Bonn. Now the thought of signing a treaty would be humil-

Leaders of 22 nations will sign historic pact on reducing conventional arms in Europe. Page 4.

ating for Bonn, which is separated by years of democracy, prosperity and patient statesmanship from wartime Germany.

Despite its increasingly dominant position in Europe, Bonn will be largely absent from the

wider geopolitical decisions about the Iraqi crisis that are expected to dominate corridor talk and bilateral discussions between President George Bush and leaders from other UN Security Council countries. The security conference incarnates the diplomatic approach of contemporary Germany, with its emphasis on patient consultation instead of the overt use of power. As a process rather than a vision, the conference is a supreme political device that can be adapted to changing circumstances.

"It is Genscher's baby," said a European diplomat involved with security forum's work for years. Hans-Dietrich Genscher, the West German foreign minister since 1974 and an architect

of the security conference in 1975, makes no secret of his hope that it will gradually reduce the need for the North Atlantic Treaty Organization and military power in Europe.

When Washington looked horns with the European Community in recent weeks over the shape of some permanent security conference offices supposed to emerge from the Paris meeting, a European diplomat said, "It was Moscow that worked with Germany to mediate, and their cooperation often unlocked language and paved the way to a smooth summit."

Such historical ironies have often emerged from the politically malleable security conference. While this Europe-wide forum began as a

Soviet device for obtaining Western recognition of Soviet hegemony, the conference served Western interests because its human-rights provisions helped limit the abuses of Soviet-style governments. "It did not win the Cold War, but it was the grain of sand that helped wreck the Stalinist machinery," according to Jacques Rupnik, a Czechoslovak-born historian of contemporary Eastern Europe.

Mr. Genscher, who often worried in the Brezhnev era that too much pressure on human rights would alienate Moscow, now promotes the security conference as an instrument for putting into effect the vision of Mikhail S. Gorbachev, the Soviet president, of a cooperative Europe.

Debt Deal Lets Trump Run Casino

Compiled by Our Staff From Dispatches

NEW YORK — Donald J. Trump reached a deal Friday with investors in his Taj Mahal casino that will briefly put it under bankruptcy-court protection and give them a 50 percent stake, but permit the developer to remain chairman.

The arrangement was reached more than 12 hours after Mr. Trump missed a \$47.3 million interest payment on \$675 million worth of high-yield bonds used to finance the gambling parlor, the biggest and riskiest in Atlantic City, New Jersey.

The bondholders had threatened to push Mr. Trump into bankruptcy proceedings and seize control of the Taj Mahal in what could have been a long and nasty legal battle.

Instead, both sides agreed to restructure the debt in what is known as a "prepackaged" bankruptcy filing that will enable the casino to emerge from court protection within weeks, negotiators said.

"The result is turning out to be a very positive one," Mr. Trump said at a joint news conference with his aides and representatives of the bondholders group.

Still, the flamboyant developer who once prided himself as a masterful businessman with enormous wealth looked grim during the news conference, held at another one of his luxury properties, the Plaza Hotel in Manhattan. He did not shake hands with any creditor representatives.

Under the agreement, the interest rate on the bonds will be reduced to 12 percent, from 14 percent, and bondholders initially will

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James A. Baker 3d, left, has a private word with Jacques Delors during a news conference in Brussels on Friday after the U.S.-EC talks.

Yeutter Says Odds Are Against Farm-Trade Deal

By John M. Goshko

Washington Post Service

BRUSSELS — The U.S. secretary of agriculture, Clayton K. Yeutter, warned Friday that the odds are "less than 50-50" that the United States and Western Europe would be able to break their stale-

mate over farm subsidies and prevent the collapse of global free-trade negotiations.

Mr. Yeutter said that several days of talks here with senior officials of the European Community had left him "very pessimistic" about the chances of averting a

major trade war because of Europe's reluctance to cut back what the United States regards as unacceptable subsidies to European farmers.

"I would assess the probability of success at much less than 50-50 at the moment," Mr. Yeutter said

at a news conference after a meeting in Brussels between U.S. cabinet members and the EC officials.

The other American participants, Secretary of State James A. Baker 3d, the chief trade negotiator, Carla A. Hills, and Commerce

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Paris Says Embargo Hits Iraqi Military

By William Drozdiak

Washington Post Service

PARIS — A senior adviser to President Francois Mitterrand said Friday that the global trade embargo imposed against Iraq is eroding its military capability to such an extent that a U.S.-led offensive to oust Iraqi occupation troops from Kuwait may not be as difficult or painful as some analysts believe.

By the time that U.S. troop levels are bolstered through reinforcements to more than 400,000 in January, the senior official said, the striking power of Western and Arab contingents will be so overwhelming compared to the deteriorating state of Iraqi forces inside Kuwait that the sheikdom could probably be recaptured with relative ease.

"The increase in American forces in the Gulf means that Saddam Hussein has about two months to pull his troops out of Kuwait or face a humiliating military loss," the presidential adviser said. "Our experience, on the basis of contract negotiations and other dealings with the Iraqi leadership, is that he will take it right to the point of rupture before backing down."

[Foreign Minister Mark Eyskens of Belgium said in Brussels that Secretary of State James A. Baker 3d, on a visit to Belgium, told him that UN sanctions against Iraq were starting to work, Reuters reported.]

"It is not visible in the shops because the shops in Baghdad are full of things brought from Kuwait, but it is visible in the factories," Mr. Eyskens said. "There's a growing lack of spare parts. Every day factories have to halt production. It's certainly a sign that the embar-

go is becoming increasingly effective."

When Mr. Mitterrand hosts a dinner for President George Bush on Sunday, on the eve of the 34-state summit of the Conference on Security and Cooperation in Europe, he is expected to emphasize the efficacy of the trade embargo in sapping Iraqi military strength and morale, as well as domestic political support for Mr. Hussein.

The international blockade has virtually halted all sales of Iraqi oil and slowed imports to a trickle.

French intelligence has reported that production is coming to a halt inside Iraq. Despite ruthless suppression by internal security services, discontent is spreading among the population, even within the army.

Some of the more sophisticated equipment in the Iraqi armed forces, such as French-built advanced radar systems, are suffering from a lack of spare parts and poor maintenance. A civilian industrial source here asserted that some French-made computerized systems employed by Iraqi forces were rendered useless early in the crisis by implanted computer viruses.

While stressing the importance of giving the embargo more time to work, France is also prepared to support the United States in its quest for United Nations backing to use military means if necessary to oust Iraqi troops from Kuwait, the official said.

France believes that Secretary of State James A. Baker 3d may succeed in getting all members of the UN Security Council to approve a resolution by the end of the month endorsing the use of force, once

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See GULF, Page 3

Kiosk

Edberg Secures No. 1 Ranking

Stefan Edberg scored a 7-5, 6-4 victory over Pete Sampras at the ATP Tour World Championship in Frankfurt on Friday night to ensure he will be the top-ranked tennis player for the season. The tournament is the last sanctioned event on the 1990 men's tour. Page 21.

General News

Indian troops have resorted to arson in Kashmir. Page 2.
 The Cranston case was detailed before the ethics panel. Page 3.

Crossword

Down Close
 The Dollar in New York
 DM 1.4705
 Pound 1.9082
 Yen 129.47
 FF 4.0685

Bonds — Dollar or Euro? Beating IRS estate tax. Pages 17-19.

Saga of a World War II B-17 Ends With 'Taps' at Arlington

By B. Drummond Ayres

New York Times Service

ARLINGTON, Virginia — It was a war mission that lasted more than 48 years. But it finally ended amid the somber rows of white tombstones in Arlington National Cemetery.

There, with the crack of rifles for a last salute and the melancholy notes of "Taps" for a final farewell, the eight-man crew of a B-17 Flying Fortress bomber lost in the Pacific Theater in World War II was laid to rest.

Some of the planes flown in that war are still missing. But "Fort" No. 41-2505, which disappeared on April 25, 1942, in the humid darkness of eastern New Guinea, is no longer among them.

Five years ago, an islander found the old B-17, shattered and moldering on the jungled slopes of a 1,926-meter (3,100-foot) Mt. Obree. That discovery led to the service Thursday and to a graveside scene sad because of the death of the young crew, however

long ago, and joyful, because after half a century the rest of the story was known.

The patrol that No. 41-2505 made that April morning over the Coral Sea, which a few days later saw one of the decisive battles of the war, apparently ended not in a burst of gunfire but in a desperate, losing struggle against engine trouble. There was no sign of combat damage.

Not long after the wreckage was discovered, a Defense Department team hacked its way up Mt. Obree and brought the remains to an army laboratory in Hawaii for identification.

Relying on personal effects such as tags, as well as on dental records and other aids, the laboratory technicians identified the bodies of five of the eight crew members. The remains of the three others were placed in a single coffin.

The survivors — wives and siblings who are around 70, along with a few children in their 40s who never really knew their fathers — agreed that there

should be a single service in Arlington National Cemetery. Men who died together, they said, should be buried together.

Most burials at Arlington are achingly somber, made even more so by the sense of sacrifice and history that the military pomp and circumstance evokes. But Thursday, despite the presence of six government-issue coffins, there were more smiles than tears, and there was much amiable conversation.

"I was only 10 months old when the plane went down," said Denise Grant Waterman, the daughter of the Flying Fortress's bombardier, Second Lieutenant Jim S. Grant of Malvern, Arkansas. "And I've spent just about all of my life wondering, 'At last there's relief, and a lot of joy, too.'"

Ms. Waterman's mother, Marian, said word that her husband's plane had been found had come as a "terrific jolt," because she had always assumed that the plane had fallen into the Coral Sea.

"I had put it all behind me as best I could and gone on and remarried and even become a widow again," she said. "It's just incredible to have Jim Sam back."

And as the chaplain presented each family a folded flag, a tear or two glistened, and some eyes seemed fixed on a distant point, one well beyond the Washington Monument and Capitol dome that rose on the horizon.

Then it was over, and back to 1990.

Besides a stone for Lieutenant Grant, there will be stones for Second Lieutenant Robert R. Meyer Jr. of Birmingham, Alabama, Second Lieutenant Ralph Howard of Los Angeles, Staff Sergeant Elton J. Rose of Long Beach, California, and Sergeant Joe A. Carter of Hillsboro, Oregon.

A single stone will carry the names of First Lieutenant Daniel W. Fagen of Kiefer, Oklahoma, Sergeant Edward L. Hargrove of El Centro, California, and Sergeant Paul A. Reimer of Redfield, California.

Amid Strife, Kashmir Burns

Indian Troops Turning to Arson to Battle Secessionists

By Steve Coll

ANANTNAG, India — Indian security forces unable to quell the popular secessionist uprising in the disputed state of Kashmir are burning houses and shops in this valley, according to witnesses, killing dozens of civilians and rendering thousands homeless as winter approaches.

During the last several months, a dozen major fires have engulfed Srinagar, Anantnag, Handwara, Sopore and other Kashmiri towns where Muslim militants are pressing a violent, broadly popular secessionist campaign with weapons obtained in Pakistan.

In virtually every case, witnesses report that Indian troops set houses and shops on fire with flammable powder and gasoline immediately following an ambush attack by guerrillas.

The most recent big blaze occurred Oct. 27 here in Anantnag, a city of about 200,000. Fire Chief Basir Abbas got the call two hours after a guerrilla attack on soldiers in the city. Flames were sweeping through the crowded China Square section. Chief Abbas and his men climbed in their fire trucks and sped to the scene.

Indian paramilitary forces greeted them with gunfire, according to Chief Abbas and other firemen. Two bullets struck a fireman, Ghulam Ganai, severing a finger and wounding him in the chest. His fire truck crashed when he slumped at the wheel.

Indian troops shuttled back and forth to the flames, toting gasoline in their steel helmets and spreading flammable powder on the floors of houses not yet ablaze, according to about a dozen independent witnesses. Challenged by China Square residents, the soldiers reportedly answered, "This is your freedom! See your freedom!"

China Square is now a heap of bricks and rubble. More than 100 homes, dozens of shops and three mosques were destroyed in the fire. Residents pick through the remains of their houses, pulling out garbled appliances and raking debris into neat piles.

The fires here and across Indian Kashmir mark a new and destructive phase in the stalemate civil war between the region's Muslim majority and the government of Hindu-majority India. The violence in India's Jammu and Kashmir state has claimed an estimated 2,000 lives this year.

Long-simmering grievances among the Muslim population erupted into open rebellion last January. Although the indigenous uprising is widely popular with Kashmiris, the conflict has been complicated by rivalry between India and Pakistan over the state.

India claims sovereignty over the state, while Pakistan supports Kashmiri militants and urges that

residents be allowed to choose their future in a plebiscite. The two countries have fought three wars along the state's border since 1947.

Indian officials insist they have nothing to do with the recent rash of fires. They say that while some fires may have been set by enraged paramilitary forces in retaliation for ambush attacks, other blazes have been started by militants to discredit the security forces.

Pressed for evidence to support the oft-repeated claim that Muslim guerrillas have set many of the fires — a claim few Kashmiris seem to believe — four government and paramilitary officials said that earlier this month, Muslim militants fired rockets at fire trucks trying to reach a blaze in Budgam, 16 kilometers (10 miles) from the state capital, Srinagar. The officials implied that the blaze was set by militants, who then shot at firemen to prevent them from putting it out.

But Budgam's fire chief, Ghulam Rathar, said there was no such fire. In any event, the fires have made an impression on Kashmir Valley's heavily armed separatist guerrillas. Khalid, the nom de guerre of a Muslim militant in Anantnag, who arrived for an interview with a Muslim rifle under his coat, said the blazes have caused his People's League secessionist group to shift tactics, forcing the guerrillas out of urban slums where they were protected by twisting alleys and sympathetic residents.

"We've totally changed our strategy," Mr. Khalid said. "We're not going into towns now. We go into fields and attack army camps. We are doing this to reduce the sufferings of the people. It is more of a risk, but it is necessary."

Ten months after the uprising began in earnest, the militants appear to be far from independence or secession to Pakistan, but the Indian government appears to face deepening alienation among the Kashmiri population.

Continuing excesses by Indian troops in the valley, including the abduction and rape last month of a Canadian woman vacationing in Srinagar, for which two paramilitary officers have been dismissed pending charges — have fueled the anger of militants and ordinary Kashmiris alike.

Dozens of Kashmiris in three cities said in interviews that they were determined to fight the Indian forces indefinitely, despite recent hardships caused by fires, strikes, power outages, and economic decline.

Indian government officials insist that they are trying to persuade Kashmiris that New Delhi does not endorse excesses by security forces. They say 37 cases have been initiated against Indian troops accused of rape, murder or arson. But the stiffest punishment handed out in these cases has been suspension from duty.

Efforts by the state's new governor, G.C. Saxena, a former chief of India's main intelligence agency, to use covert operations to engineer infighting among the valley's 9 or 10 active guerrilla groups have produced few tangible results so far.

Guerrillas from four separatist factions say Mr. Saxena has begun to turn captured rebels into government agents, releasing them with instructions to sow dissension among the insurgents.

Executions by guerrillas of suspected police informants appear to have angered and frightened even Kashmiris who are sympathetic to the separatists. A radical Islamic fundamentalist group, Al Ummar, twice recently tied bombs to accused informants and blew them up in public marketplaces.

Indian officials say these and similar cases reflect the brutality of the armed Kashmiri militants against their own people, not the exposure of governmental covert operations.

Still, Kashmir's Muslim guerrillas have not forged effective political or military unity.

Although recently they have acquired such destructive weapons as rocket-propelled grenades and anti-tank mines, the guerrillas have only mounted hit-and-run assaults on the tens of thousands of well-equipped army and paramilitary soldiers stationed in the valley. Such attacks have kept the soldiers on edge but have not challenged their control.



A Muslim youth, his hands tied behind his back, being guarded by a policeman in the Sadar Bazaar district of New Delhi on Friday during a curfew imposed after religious rioting in the area.

India Leader Survives A Key Test

New York Times Service

NEW DELHI — Prime Minister Chandra Shekhar won a vote of confidence Friday for his week-old minority government from India's governing lower house of Parliament after a bitter eight-hour debate.

He later called for austerity and greater economic self-reliance, saying the country was on the "brink of economic disaster."

Mr. Shekhar polled 269 ballots in favor of the confidence motion; 204 lawmakers voted against him. Fifteen lawmakers abstained of a total of 488 present.

The house currently has a strength of 525, and those who did not participate were absent.

Mr. Shekhar is expected to expand his cabinet over the weekend. Currently, the only members are himself and Devi Lal, a rural political leader who is deputy prime minister.

Mr. Shekhar, whose post as prime minister is his first in government, said that he would pursue a controversial case involving alleged kickbacks worth millions of dollars to Indian politicians and officials in connection with a \$14 billion arms contract. "On the Bofors case, and any case of corruption," he said, "there will be no compromise. Nothing will be done to protect anyone for personal reasons."

In Germany, a Soviet Deserter's Odyssey

By Marc Fisher

Washington Post Service

BONN — So many soldiers had fled from the Soviet barracks at Meissen in what used to be East Germany that the officers finally assembled the men and laid down the law: Deserters would be caught and sent to high-risk army units in Siberia that specialize in chemical weapons.

Janis Kalkis heard the threat. He had even joined his unit in a march for three Lithuanians who deserted after their republic declared its independence from the Soviet Union. It took two days of searching, but the army — figuring the Lithuanians were heading east toward their homeland — found the deserters.

"Two were left in Germany, but the one who organized it was sent to the tundra," Mr. Kalkis said.

The experience taught him a lesson. If you're going to desert, don't go east. Go west. Some weeks later, Mr. Kalkis did. The 21-year-old draftee from Latvia had watched for night after night to be sure where the guards were stationed. On Sunday, Aug. 26, at 4 P.M., his unit was given three hours off. Then they were to see a film. Mr. Kalkis saw no one would do a head count until 10 P.M.

He strolled over to the fence surrounding the barracks. He knew there was a hole, a shortcut officers had used to sneak out to town. In uniform, carrying nothing whatever, he walked out and kept going, heading toward the sun.

Mr. Kalkis became one of about 700 soldiers who have escaped from the Soviet Army since the two Germanys began the process of reuniting earlier this year. In the six weeks since East Germany ceased to exist, more than 50 Soviet soldiers have applied for asylum in the new country. Hundreds more are believed to be in hiding, on the loose or back in their barracks, captured by the embarrassed Soviets.

Some soldiers became captives by the material plenty that now surrounded them in the shops of eastern Germany; the Soviets are paid in hard currency, but their wages are so low they can only afford the occasional beer, candy bar or package of toilet paper.

Other conscripts found a strong market for their weapons and uniforms. Others wanted only to return home, to get away from the hardship of army life, away from the hypoc-

sy of serving in an army stationed in enemy territory, amid hostile civilians.

Mr. Kalkis said he fled because he feared for his life. Like many others, his unit of 250 men was racked with ethnic strife, an especially tense microcosm of the Soviet Union's nationalistic divisions.

His unit was dominated by Central Asians. The handful of soldiers from the Baltic states were regularly picked on by Uzbeks and other Asians.

"They said I'd stolen some things, sewing materials and two radios," Mr. Kalkis said.

If you're going to desert, the Soviet soldier learned, don't go east. Go west.

"The Uzbeks said they were going to hang me."

Throughout his 14 months in the army, Mr. Kalkis said, he had been threatened, but never like this. He ran.

For five days, Mr. Kalkis slept on the ground and wandered through the forests, trying to avoid cities, where a Soviet uniform was bound to attract the wrong kind of attention. He was, he realized, totally lost. He knew not one word of German. He had no papers, no passport — the army kept them.

On Aug. 31, he emerged alongside the highway near Gera, about 130 kilometers (80 miles) southwest of his base.

A passing West German motorist picked him up. "I saw this Soviet soldier on the side of the road, and he didn't look very well, so I figured he had an auto accident and needed help," said the motorist, who gave him the name as Manfred.

Manfred and Mr. Kalkis had no language in common, but Manfred had a multilingual dictionary in his luggage. They struggled through a few words of German and Russian.

"I quickly learned how dangerous his situation was," Manfred said. "I believed that his life, or at least his health, was threatened, so I thought he had a right to desert, and a right to asylum."

Mr. Kalkis quickly realized he could not simply walk home. Without a passport, there was no way to get past the Polish border. Manfred drove Mr. Kalkis to Rostock on the Baltic Sea, where he tried to find a free place on a ship to the Latvian capital of Riga. That did not work either.

So Manfred took the Latvian home to the West. Manfred contacted Latvian organizations in Germany and asked for help. Mr. Kalkis wrote to his mother in Riga telling her he was all right. She sent him his birth certificate to Germany so her son could begin constructing a new life.

It was a frightening time. Agents from the KGB, the Soviet secret police, visited Mr. Kalkis's mother and his grandmother in the Latvian countryside, looking for the deserter.

Early this month, Mr. Kalkis found a new sponsor, a Latvian activist in Bonn named Paulis Klavins, who is pushing the deserter's application for asylum through the bureaucracy.

There will be no quick answer. "It can take nine or 10 months," said Wolfgang Weichart, a government spokesman. "Soviet deserters are treated as any other asylum applicant. We will investigate whether they have reason to fear political oppression if they return home."

The German authorities first told Mr. Klavins that Mr. Kalkis would probably be sent back to the Soviets. German-Soviet relations are just now beginning to flourish and the Bonn government is reluctant to anger Moscow.

But Mr. Klavins argued that soldiers from the Baltic states are different because Germany never formally recognized the Soviet annexation of the three republics. "After we made that argument, they said he will not be sent back," Mr. Klavins said.

But Mr. Weichart said Soviet deserters will be treated like soldiers from Iran and Afghanistan who came to Germany in recent years. Their cases will be decided according to what fate awaits them at home; their desire to avoid military service is not grounds for obtaining political asylum, he said.

Only 3.6 percent of 120,000 asylum cases decided this year have ended with permission to stay in Germany, Mr. Weichart said. Mr. Kalkis has no more or less reason than anyone else to be optimistic, he added.

SOVIETS: Gorbachev Faces Fire for Indecisiveness

(Continued from page 1)

treaty could ease the present "legislative war" between the Supreme Soviet and the parliaments of the various republics.

But while he provided a blunt assessment of the country's present problems — including worsening food shortages, a breakdown in law and order, and the danger of economic and political "Balkanization" — Mr. Gorbachev did not offer any new solutions.

His failure to take a clear stand disappointed many deputies who had been hoping for some kind of decisive action.

"The president did not provide us with any clear-cut program for

how to get out of the present crisis," said Anatoli A. Sobchak, the mayor of Leningrad, whose city introduced full-scale rationing this week for the first time since it was besieged by the Nazis during World War II. "The time of political improvisations and empty declarations has gone for good. Now is the time for extraordinary action."

Echoing recent comments by leading Soviet commentators, Mr. Sobchak said that Mr. Gorbachev was faced with a clear choice between speeding up the transition to democracy or reverting to authoritarian rule.

He said that it would be possible to impose direct presidential rule

over the entire territory of the Soviet Union only with the help of the "army, bayonets, and punitive agencies such as the KGB and Interior Ministry," and added, "Comrades, I think you all understand that this option runs against the political and moral principles of the president himself."

Radical politicians fear that, unless Mr. Gorbachev moves rapidly to create a coalition government of national unity, the economic situation could deteriorate to the point where the authoritarian option would be the only way out.

Political divisions in the armed forces make most observers here skeptical about rumors that there might be a coup against Mr. Gorbachev, although such a possibility cannot be entirely ruled out.

The parliamentary debate Friday made it clear that at least five republics — Estonia, Latvia, Lithuania, Armenia and Georgia — will refuse to sign the new union treaty as presented to them by Mr. Gorbachev. The Ukraine and Moldova are wavering under pressure from influential nationalist opposition groups, while Russia is demanding a much greater degree of decentralization than the Kremlin is prepared to concede.

In his speech, Mr. Gorbachev complained about the lack of proper mechanisms to enforce presidential decisions. He denounced what he described as a "well-orchestrated campaign in this country to discredit me," while conceding that some of his decisions had been either late or ineffective.

EMBARGO: Damage to Iraq

(Continued from page 1)

diplomatic efforts are exhausted, to get Iraqi troops out of Kuwait.

The Mitterrand adviser said the international consensus would undoubtedly support a major American-led attack against Iraq's own territory or a direct effort to topple Mr. Hussein. But he added it was hard to conceive that Mr. Hussein could survive in power after a military defeat in Kuwait.

Some military estimates have suggested that U.S. forces could lose 20,000 soldiers or more in an offensive to retake Kuwait. But the senior French official discounted those assessments, contending that American superiority in air power, bolstered troop levels and the steadily eroding Iraqi military capability wrought by the embargo would keep Western casualties rather low. He would not be drawn into giving any numerical projections.

Ready for Talks

Mr. Hussein says he is ready for negotiations with the United States, although he again has refused to accept a withdrawal of his troops from Kuwait as a condition for talks to avert war in the Gulf. The New York Times reported.

In an interview with ABC News in Baghdad, Mr. Hussein appeared confident but unusually conciliatory, and seemed to suggest that Iraq might eventually consider removing its forces from Kuwait.

But he said he could not consider a withdrawal before the start of negotiations. "We reject such preconditions," he said. "These are preconditions for capitulation."

In another development, the International Atomic Energy Agency disclosed Thursday that Iraq had invited inspectors to verify that Iraq's small stock of highly enriched uranium has not been made into a nuclear weapon.

WORLD BRIEFS

Bonn to Send Asylum-Seekers to East

BERLIN (AP) — Swamped by immigrants and newcomers from all parts of the world, Germany said Friday that it would assign 20 percent of all asylum seekers to the formerly Communist east starting in two weeks.

The 11 states in western Germany have complained that they cannot cope with the growing numbers of asylum seekers and have demanded that Bonn put some of the burden on the five new states in eastern Germany.

Although asylum seekers are not legally allowed to work, they are eligible for government-subsidized housing and other benefits while their cases are being decided. The Interior Ministry said that Saxony, Brandenburg, Mecklenburg-Vorpommern, Saxony-Anhalt, and Thuringia must count on receiving 8,000 applicants a year starting Dec. 1. Overall, at least 200,000 are expected next year.

UPI Employees Accept 35% Pay Cut

WASHINGTON (Combined Dispatches) — Union employees of United Press International accepted Friday a 35 percent pay cut for 90 days, apparently averting any immediate move to shut down the agency. A company spokesman said the vote would keep the 83-year-old news service "alive while we seek a buyer." A spokesman for the Wire Service Guild said the reduction in pay was approved by 62 percent of those voting. The weekly top scale salary of journalists will be reduced to \$448 from \$690, beginning Saturday. UPI's nonunion employees had their pay reduced by 35 percent on Nov. 4 and were told they would get no severance pay if they were laid off.

Meanwhile, ABC News officials said the network will close its Frankfurt bureau as well as its offices in Panama, El Salvador, and Honduras. ABC declined to comment formally on the Frankfurt closing but a network executive said the move was part of a reorganization of its overseas operations. The network also said it would expand its Moscow and Berlin bureaus. About nine people will be let go because of the reorganization, an ABC source said. The network said last month that it would close its Chicago, Boston and Dallas bureaus. (AP, WP)

Atlantis in Orbit With Secret Cargo

CAPE CANAVERAL, Florida (AP) — The space shuttle Atlantis settled into orbit Friday after a night launching on a mission to put a secret military payload into orbit.

Published reports have identified the cargo as a satellite that will conduct either electronic or photographic surveys of the Gulf area, where American and other troops stand poised against Iraq. The flight of the Atlantis, with an all-military crew of five, is the seventh and final secret military mission planned for a shuttle. The air force has said that unmanned rockets, principally the Titan-4, will be used in the future to launch reconnaissance and communications satellites. It was Atlantis's first flight in eight months.

Philippine Typhoon Toll Passes 270

MANILA (Reuters) — Relief agencies raised the death toll Friday in the typhoon that struck the Philippines this week, saying it killed more than 270 people and destroyed millions of dollars worth of property. About 270,000 people were made homeless. The most powerful typhoon to hit the country this year, it demolished more than 78,000 houses and sank 77 ships and boats as it hit the Visayas and Mindanao regions with winds up to 165 kilometers an hour (100 miles an hour) Tuesday.

France Intervenes in Chad Fighting

PARIS (UPI) — France announced Friday that it was increasing its military presence near the Chad-Sudan border after fighting between Chadian troops and Libya-backed rebels using Sudan as a base.

According to a Defense Ministry statement, 150 soldiers, normally stationed in the Chad capital, N'Djamena, were being sent to Abéché in the eastern part of the nation, near the Sudanese border. France, which first deployed a contingent of troops to Chad in 1986 in response to a Libyan offensive in the northern part of the country, maintains a contingent of 1,000 troops around N'Djamena in an effort to deter Libya from backing further attacks.

Army Runs Krakow Buses in Strike

WARSAW (Reuters) — Authorities in the southern Polish city of Krakow called in the army Friday to keep public transport running on the fifth day of a paralyzing strike by bus and tram drivers.

It was the first time the army has been called to help out during a strike since communism collapsed in Poland last year and was succeeded by the Solidarity government of Prime Minister Tadeusz Mazowiecki. The Krakow drivers are at the forefront of discontent among Poland's 90,000 municipal transport workers, who want more pay and higher government subsidies for their enterprises.

Shamir Solidifies Knesset Majority

JERUSALEM (WP) — The conservative government of Prime Minister Yitzhak Shamir was bolstered Friday when a small religious party agreed to support it, giving him a secure parliamentary majority for the first time since the government was formed in June.

The price was government backing for four pieces of legislation sought by the party, Agudat Israel. The laws would ban the sale of pork in most of Israel, tighten restrictions on abortion, halt public transportation in most of the country on the Jewish Sabbath and prohibit "Tewd advertisements."

The four added votes will give Mr. Shamir's coalition a majority of 66 of the 120 seats in the Knesset, the parliament, solidifying an alliance that only barely came together after a three-month crisis earlier this year.

TRAVEL UPDATE

Nice's airport was shut for a second day Friday because of a strike by Air France employees. Thousands of passengers were stranded. The employees oppose the company's plans to reduce the number of foreign flights through Nice, which they say could cost 300 jobs. (AP)

A new U.S. tourist tax sets an "unacceptable" precedent, the International Air Transport Association, which groups most of the world's airlines, said Friday in Geneva. The U.S. Travel and Tourism Administration Fee requires airlines and passenger ships to pay \$1 per alien passenger who lands as of Jan. 1. The money collected will be used for activities of the tourism administration. (AP)

The world travel-service groups Amadeus and Sabre have signed a pact to provide access to each other's services in the United States and Europe. SAS said. "Travel agencies will get access to all information in both systems in one terminal," it said. Munich-based Amadeus was founded by SAS and three other European airlines. Sabre, owned by AMR Corp., holds a 42 percent of U.S. market share. (Reuters)

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	51	35		Beijing	51	35	
Berlin	48	32		Bombay	78	62	
Brussels	48	32		Calcutta	78	62	
Copenhagen	48	32		Delhi	78	62	
Dublin	48	32		Hong Kong	78	62	
Frankfurt	48	32		Kobe	78	62	
Geneva	48	32		Manila	78	62	
London	48	32		Osaka	78	62	
Luxembourg	48	32		Seoul	78	62	
Madrid	48	32		Singapore	78	62	
Munich	48	32		Taipei	78	62	
Nice	48	32		Tokyo	78	62	
Paris	48	32					
Rome	48	32					
Stockholm	48	32					
Zurich	48	32					

SATURDAY'S FORECAST: CHANNING, SPAIN: FRANKFURT, RAIN, 15-20; NEW YORK, RAIN, 15-20; LOS ANGELES, 15-20; MIAMI, 15-20; SAN FRANCISCO, 15-20; SEATTLE, 15-20; SINGAPORE, 15-20; SYDNEY, 15-20; TOKYO, 15-20; WASHINGTON, 15-20; WILSON, 15-20.

RELIGIOUS SERVICES

- DUSSELDORF**
CHRIST CHURCH (Anglican) S.S. and Services 11:00, Interdenominational, Rotterdam Str. 135, Tel. 021 38 52739.
- EUROPE**
UNITARIAN-UNIVERSALISTS, English language services in Brussels, Munich, Wiesbaden, Paris and the Netherlands, write to: J. West, Westfalen 67 6, 6200 Wiesbaden, F.R. Germany, or Tel. 0431-626903.
- HOLLAND**
UNITARIAN-UNIVERSALISTS, warmly welcome you to monthly English language services, 4th Sunday 11:00 a.m., Bovenburg 4, Leiden, Call 020-46-1962 or 071-121065 evenings.
- MADRID**
COMMUNITY CHURCH OF MADRID, English speaking, non-denominational, worship and S.S. 11:00 Sundays. Nursery, Meets at Parque Damian, 26, Pastor, Tel.: 446-2681.
- MUNICH**
INTERNATIONAL BAPTIST CHURCH, Evangelical Bible Believing, services in English 4:30 p.m., Sunday of Education, 10, (U2 Theresienstr.), (089) 850-8617.
- PARIS AND SUBURBS**
THE AMERICAN CATHEDRAL (Episcopal-Anglican), Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m. 23 rue, George V, Paris, Tel.: 47 20 17 72. Metro: George V or Alma-Marceau.
- HOPE INTERNATIONAL CHURCH** (at La Chapelle Evangelique, La Defense CNIT Center), Sun. 9:45 a.m. with Sun. School for children, Evangelical & for everyone, Metro: RER (A) La Defense, Parking: Defense 4, Fri. 7:30 p.m. home Bible studies, Call Pastor Henry Passonneau: 47 73 53 54.
- THE UNITARIAN-UNIVERSALISTS** will meet for their annual Thanksgiving service on Sunday Nov. 18th at 11:30 a.m., 1 rue de l'Oratoire, metro Louvre-Rivoli, Please join us. The Children will sing a special Christmas carol. Tel. (1) 42 78 82 58.
- MONTE CARLO**
INT'L FELLOWSHIP, 9 Rue L. Notari, Sunday Bible Hr. (all ages) 9:45 a.m. Worship 11 a.m. & 6 p.m. Tel.: 93.25.51.51 or 93.25.31.15.
- MONTPELLIER**
ENGLISH SPEAKING SERVICE organized by English Informer Evangelical every Sunday 9:45 a.m. & 6 p.m. Tel. 46 81 00 00. Tel. 67 52 82 01. All welcome.
- EUROPEAN BAPTIST CONVENTION**
- BERLIN**
BERLIN BAPTIST CHURCH, Rotherstrasse 13, 1000 Berlin 41, SS 1045, W 1200 + 1900, Tel.: 030-774-4670.
- COPENHAGEN**
THE INTERNATIONAL BAPTIST CHURCH, meets at Boggesgade No. 7, each Sunday 1 p.m. Phone 31 30 51 38.
- DUSSELDORF**
CHRIST CHURCH, English language services, 4th Sunday 11:00 a.m., Bovenburg 4, Leiden, Call 020-46-1962 or 071-121065 evenings.
- HAMBURG**
INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at TASEA FESTHALL, Am Spill 19, Hamburg-Ohlsdorf, Bible Study at 11:30. Worship at 12:30, Tel.: 040-820616.
- FRANKFURT**
INTERNATIONAL CHRISTIAN FELLOWSHIP of the Torrance (Member European Baptist Convention), Schwanstr. 11-13, 6030 Bad Homburg, Sundays 9:45, Tel.: 06171-54609 or 06134-22278.
- HOLLAND**
TRINITY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship, Meets at School & Nursery, Sunday 11:30 a.m., Wassenaar, Tel.: 01751-78024.
- MUNICH**
INTERNATIONAL BAPTIST CHURCH OF MUN

Ethics Panel Counsel Outlines His Case Against Cranston

Compiled by Our Staff From Dispatches

WASHINGTON — Senator Alan Cranston actively solicited contributions from the owner of a collapsing savings and loan institution, Charles H. Keating Jr., at times when Mr. Keating wanted help with federal banking regulators, the chief counsel of the Senate ethics committee asserted Friday.

"On approximately four separate occasions Senator Cranston accepted or solicited several hundred thousand dollars from Mr. Keating for his campaigns or political causes," said the counsel, Robert S. Bennett.

Each of those contributions was linked "by time and circumstances with a request by Mr. Keating for action with federal bank regulators," Mr. Bennett said.

He also pointed to Mr. Cranston's own words, in a deposition taken by ethics committee lawyers, in which the senator freely acknowledged that Mr. Keating's access to him was "in part because of his substantial contributions."

"During his deposition, Senator Cranston said, 'A person who makes a contribution has a better chance to get access than someone who does not,'" Mr. Bennett recounted.

Mr. Bennett outlined the case against Mr. Cranston, Democrat of California, on the second day of the committee's hearings into the links between five senators and Mr. Keating, whose Lincoln Savings & Loan failed at an estimated cost to taxpayers of \$2 billion.

Mr. Cranston, suffering from prostate cancer and making his first appearance at the hearings, was defiant in his denials.

"I engaged in no unethical conduct," he said firmly. "You know that I broke no law. You know that I broke no Senate rule. You know that I pocketed no money, that there was no personal gain for me or any member of my family."

"Yes, I was persistent in expressing my concerns about the way bureaucrats were dealing with this large business in my state," he said, referring to the savings and loan, which was chartered in California. "I believed that its failure, if it came to that, would be a catastrophe for countless constituents of mine."

The other four senators have also denied any wrongdoing. They are John McCain of Arizona, the only Republican in the group; John

Glenn, Democrat of Ohio; Dennis DeConcini, Democrat of Arizona; and Donald W. Riegle Jr., Democrat of Michigan.

Mr. Bennett has recommended that the committee disqualify Mr. McCain and Mr. Glenn from the case but that the investigation be intensified for Mr. Cranston, Mr. DeConcini and Mr. Riegle.

Mr. Bennett portrayed Mr. McCain and Mr. Glenn as having largely passive involvement, saying they "did not play any meaningful role" in intervening with regulators on behalf of Mr. Keating.

Mr. Bennett for the first time laid out findings of his inquiry in a case that has become a symbol of public outrage about the collapse of the U.S. savings and loan industry and the incessant fund-raising that drives their campaigns.

The counsel described an elaborate strategy by Mr. Keating to enlist the help of the five to "engage in an all-out war" against the Federal Home Loan Bank Board, and he told of Mr. Keating's "sweeping his requests" with large political contributions.

Mr. Keating is free on bond awaiting trial in California.

On Friday, Mr. Cranston's lawyer asked that one of the six committee members, Senator Jesse Helms, be barred from judging Mr. Cranston.

Mr. Helms denied the accusation of the attorney, William W. Taylor 3d, that he had already made up his mind. He refused to step aside.

Mr. Taylor cited reports from Mr. Helms's recent, successful reelection campaign in which the North Carolina Republican had referred to Mr. Cranston as "the leading water carrier" for Mr. Keating.

Mr. Helms acknowledged having made the remarks, and said he had done so after his Democratic opponent in the campaign received a contribution from Mr. Cranston's political action committee.

"Senator Cranston injected himself into that campaign, and I was entitled to try to eject him," Mr. Helms said. "I make no apology for what I said, because it was true."

All five senators have contended that they did no special favors for Mr. Keating beyond anything they would do for any other citizen or political supporter.

Mr. Bennett drew repeated expressions of irritation from the panel's chairman, Howell Heflin, Democrat of Alabama, who suggested that Mr. Bennett was singling out Mr. Cranston when many senators request contributions from donors.

Mr. Bennett replied: "I'm not tilting the facts, Mr. Chairman. The facts tilt."

(AP NYT)

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(AP NYT)



BUTT OF COURSE! — In Los Angeles, Jim Mouth, a nonsmoker, with 152 lighted cigarettes in his mouth, trying to show that smoking is unattractive and unhealthy. He did it on the Great American Smokeout, a day for kicking the habit.

AMERICAN TOPICS

A Center to Heal Black-Jewish Rift

A National Center for Black-Jewish Relations is to be set up at the predominantly black Dillard University in New Orleans. Dillard's president, Samuel DuBois Cook, says the center is intended to heal a rift that has developed between blacks and Jews since they worked side by side during the civil rights movement of the 1960s.

Mr. Cook, who worked with Jews during the rights movement in Atlanta, said the university is starting the center with an allocation of \$100,000 but eventually hopes to raise \$10 million.

Dillard is a private, nonsectarian college that grew from Straight College, founded in 1869. It has 1,625 students, about 600 more than when Mr. Cook became president 16 years ago.

He said the center would hold annual conferences and special meetings. "There is a good possibility of having scholars-in-residence and a think tank if we can get the funds," he said.

A.I. Botnick, regional director in New Orleans for the Anti-Defamation League of B'nai B'rith, said, "This has been needed for a long time." He praised

Mr. Cook for spelling out the issues "that have separated the two communities," such as quotas in employment and Israel's trade with South Africa.

Short Takes

Five minutes of warm-up exercises are required at the start of the day for Norfolk Southern Corp. 54,600 repair and maintenance workers. The railroad found that those who took part in a voluntary exercise program had fewer injuries than those who did not. But the unions object that the company made the program compulsory without consulting them, and they do not like the statement that workers should get medical examinations to determine their "qualifications to remain in service."

Enforcing a no-alcohol policy, U.S. military authorities in Saudi Arabia have fined 12 American servicemen found drunk or in possession of alcohol in that legally dry kingdom. The Los Angeles Times says this round-the-clock abstinence — enforced aboard U.S. Navy ships since the First World War — has never before applied to an entire combat theater. Saudi authorities have generally turned a blind eye to Western residents' home-based manufacture and consumption of alcoholic drinks. U.S. officials say the U.S. commander, General H. Norman Schwarzkopf, says he regards the

prohibition as the kind of test that American troops will increasingly face as the military focus shifts from Europe to the Middle East and the Third World.

While many American companies went heavily into debt in buyout sprees of the 1980s, others stayed cash-rich and debt-free, and now find themselves far more flexible than some competitors. "Lower debt enables companies to react quickly," a Fluor Corp. executive told U.S. News & World Report. The magazine listed the 30 strongest publicly traded major companies as Abbott Laboratories, Albertson's, Apple Computer, Boeing, Bristol-Myers Squibb, Coca-Cola, Digital Equipment, Emerson Electric, Fluor, General Electric, Hewlett-Packard, Melville, Merck, 3M, NCR, Pfizer, Raytheon, Walgreen, Winn-Dixie Stores and Woolworth.

"Cheer, Cheer for Old Notre Dame" is the best college fight song, according to Bill Studwell, a librarian at Northern Illinois University. Not that anybody asked. He graded the songs for musical quality, lyrics and overall tone. He rated Michigan's "The Victors" second, "On Wisconsin" third and Yale's "Down the Field" fourth. Navy's "Anchors Aweigh" and Maine's "Stein Song" tied for fifth.

Arthur Higbee

CNN Demands Return of Material FBI Seized in Noriega Tapes Case

Compiled by Our Staff From Dispatches

ATLANTA — Cable News Network demanded Friday that the FBI return a box of recordings and papers related to the government's taping of prison telephone calls of Manuel Antonio Noriega, the deposed Panamanian military leader.

CNN said the material was taken from a hotel room where one of its reporters was staying.

Both an FBI official and Tom Johnson, CNN president, said that they did not know whether the recordings were audio tapes or videotapes, or whether they contained the phone calls between Mr. Noriega and his lawyers that are at the center of a legal battle before the U.S. Supreme Court.

"We just know that there were notes, work papers and tapes" re-

lated to CNN's coverage of the Noriega story, Mr. Johnson said. "But in the process of working in an operation like this, you could have all sorts of tapes, including air checks."

But a CNN official, who spoke on condition of anonymity, said that they were not the taped conversations between Mr. Noriega and his lawyers. "The FBI did not get the main course," he said.

The box of material was given to the FBI on Thursday by security guards at the hotel. CNN contends that the box was improperly removed from the reporter's room and that the FBI obtained it without a warrant.

Federal law-enforcement officials said the FBI had discovered the existence of the materials by

"happstance," and not as part of a larger investigation or during a search of the reporter's room.

Mr. Johnson said he protested the FBI's action "in the strongest terms" to officials in Washington.

The seizure was the latest development in the tangled saga of the Noriega tapes, which CNN obtained from an undisclosed source last week, and which has pitted the Panamanian's rights to a fair trial against the rights of the press to disseminate information free from any prior legal restraints.

CNN is challenging an order issued by Judge William Hoever of U.S. District Court in Miami on Nov. 8 that bars it from broadcasting the tapes until the judge can determine whether the broadcasts would violate Mr. Noriega's rights.

On Thursday, in papers submitted to Justice Anthony M. Kennedy of the Supreme Court, lawyers for CNN asked for permission to broadcast the tapes, which they had pledged not to play pending the outcome of court proceedings.

There was no immediate word as to when the Supreme Court might act.

The court has asked lawyers for the United States and for Mr. Noriega to file briefs by noon Saturday.

Although the justices' next formal meeting is on Wednesday, they could act as soon as the remaining briefs are filed.

Mr. Noriega is being held in a Miami jail, awaiting trial on charges of taking \$4.6 million in payoffs to protect the cocaine trade. The FBI is investigating how

CNN obtained seven tapes of his phone conversations from jail.

Federal prison officials say inmates' phone calls routinely are monitored, except when prisoners say they are talking to their lawyers. But CNN said it had tapes that include conversations between Mr. Noriega and his defense team.

Steve Korn, CNN general counsel, said he had written Joseph Whitley, the U.S. attorney in Atlanta, "demanding the return of the tapes and that the materials in the box not be reviewed or duplicated."

The box was removed Monday from a room that had been occupied by Marielene Fernandez, a CNN reporter who has been working on the Noriega story.

Her room was at the Omni Ho-

tel, which is owned by CNN's parent company, Turner Broadcasting, and which is part of a complex housing CNN's offices.

The hotel manager, Bill Thompson, said hotel security officers thought Ms. Fernandez had checked out when they removed a box containing papers and at least one videotape.

Mr. Johnson said that Ms. Fernandez had not checked out of the room. But apparently, he added, the hotel made a mistake that led to her room's being cleared out.

After taking the box from the room, he said, the guards saw that some of its contents were CNN property. They turned the material over to Turner security officers, from whom the FBI took the box, he said.

(AP, NYT)

Noriega Complains of Bias

Mr. Noriega, in his first public remarks since he was arrested and brought to the United States, lashed out Friday at his accusers at a court hearing, charging that he was "at the mercy of a totally unfair and unjust system."

The New York Times reported from Miami.

"It is painfully obvious to me that the United States government does not wish me to be able to defend myself and has done everything possible to deprive me of a fair trial," he said. "They have taken my money, deprived me of my lawyer, videotaped me in my cell, wiretapped my telephone calls with my lawyers and even given them to the Endara government and to the press."

Rocard Foes Press for Censure on Tax Increase

By Youssef M. Ibrahim

New York Times Service

PARIS — Prime Minister Michel Rocard's government could fall Monday if a majority of rightists and Communist deputies in the National Assembly team up in delivering a vote of no-confidence over an unpopular plan to increase taxes for the national health system.

The censure vote against the Socialist government was introduced Friday by opposition deputies, who are supported by the Communists, presenting Mr. Rocard with the most serious challenge he has faced since he took office in May 1988.

The vote comes amid a general climate of discontent with the government, underscored by demonstrations by thousands of high school students in the past two weeks. They are demanding smaller classes, larger school budgets, more teachers and better education.

In Paris on Monday, 100,000 students joined a demonstration marked by violence and looting.

On Friday, riot police clashed with stone-throwing youths who disrupted a peaceful sit-in by about 1,000 students on the Champ de Mars, the park adjacent to the Eiffel Tower. As they had done Monday, the police used tear gas to disperse the gangs of youths.

About 50 people were arrested and more than 20 policemen were injured by rocks and other objects thrown by the rioters.

The government has rushed to commit more than 4.5 billion francs (\$900 million) in additional spending on education. But the students are not satisfied, and have said they plan more demonstrations to back their demands.

Mr. Rocard's situation became more critical after President Francois Mitterrand met Monday with student representatives, siding with them against his prime minister.

Mr. Mitterrand said that the students' complaints were valid. The students suggested that Mr. Mitterrand had given them the impression that the crisis was Mr. Rocard's fault.



A plainclothes policeman, his nose bleeding, dragging away a rioter Friday during clashes in Paris.

This has fueled speculation in the French press that Mr. Mitterrand may be planning to dump his prime minister, even if the vote of no-confidence fails.

The no-confidence motion was presented early Friday by rightist deputies after Mr. Rocard had tried to push through the Assembly a bill calling for a new 1.1 percent social security tax. The tax is intended to rescue the deficit-ridden national health system.

The tax has been opposed by

trade unions, which staged large demonstrations against it this week. Spokesmen for the unions said the plan imposes an unfair burden on poorer workers.

In the no-confidence vote, Mr. Rocard can count on the support of the 272 Socialist deputies in the 577-seat assembly. But a majority of 289 votes is needed to defeat a no-confidence motion.

In four previous no-confidence votes, Mr. Rocard has prevailed

with the tacit support of the 26 Communist deputies and of about 20 independents, who abstained.

The vote Monday is expected to be close. The Communist Party, which objects to the tax, has served notice that its deputies plan to vote against the government.

If Mr. Rocard's government is voted out, Mr. Mitterrand has three options: He can ask Mr. Rocard to form a new government, he can name a new prime minister or he can call new elections.

Hurd Says He Won't Challenge Thatcher

Compiled by Our Staff From Dispatches

LEEDS, England — Foreign Secretary Douglas Hurd said Friday that he would not challenge Prime Minister Margaret Thatcher for the Conservative Party leadership but left open the possibility that he would enter the race if she failed to win in a secret ballot Tuesday.

Responding to a question on whether he would not under any circumstances compete for the Tory leadership, and by extension for the office of prime minister, Mr. Hurd answered only that he would not run "against her," meaning Mrs. Thatcher.

Mr. Hurd, who has been mentioned increasingly in recent days as a possible successor to Mrs. Thatcher, who is locked in a struggle for the party leadership with the former defense secretary, Michael Heseltine.

The foreign secretary steered

clear of ruling himself completely out of any future race.

But he said at a news conference: "I support Mrs. Thatcher. I hope and think, on what I have heard, that she will win on the first ballot." The voting for the party leadership takes place Tuesday.

The failure of either contender to win the contest outright would force a second round of voting open to new candidates, possibly including Mr. Hurd, but it remained unclear what Mrs. Thatcher's standing would be after the vote.

Mr. Hurd, who has maintained his distance from the political fray

since Wednesday, when Mr. Heseltine declared his intention to challenge Mrs. Thatcher, said he could not see a way to support the prime minister this week and stop next week.

Some commentators said Mr. Hurd appeared to have deliberately stopped short of total endorsement for Mrs. Thatcher to continue her fight should she fail to score a commanding victory in the first round.

Mr. Heseltine seized on his remark. He told BBC radio: "If people think that Douglas will be a better leader than myself, they have to vote for me in the first round."

Many of the 372 Conservative

members of Parliament say that if Mrs. Thatcher fails to win decisively she may be forced to step aside.

Mr. Hurd is seen by many Conservatives as a good compromise candidate to re-unite the party if she cannot restore full command.

Mr. Heseltine has dominated the news since he announced his challenge. But Mrs. Thatcher's profile was raised Friday when she made a trip to Northern Ireland.

She was clearly in fighting mood after she flew into the town of Enniskillen in a helicopter. She told reporters: "I believe we shall win and I hope we shall win well."

(AP, Reuters)

GULF: U.S. Aides Are Skeptical of Soviet Proposal for Mideast Initiative

(Continued from page 1)

that the State Department did not take Mr. Primakov seriously. One noted that he failed to secure the release of any Soviet hostages in Iraq after saying he had done so, and there was a good deal of disparaging talk in the Baker entourage about Mr. Primakov's two unsuccessful trips to Baghdad.

Mr. Baker said he intended to continue to talk to Security Council members. The United States, which must yield the Security Council presidency to Yemen on Nov. 30, hopes to secure passage this month

of a resolution authorizing force. "It's not wrapped up," said an aide when pressed for a characterization of the Soviet position. "The secretary has never said it was. We're waiting for answers. It's not easy to read the tea leaves."

But Mr. Baker, confident and composed as ever, seemed optimistic that the Soviet answer would come in the next few days and that it would contain no surprises. At a minimum, officials said, the United States expected the Soviet Union to abstain, and they expressed hope that it might vote yes.

At his press conference, which followed talks with European Community leaders on trade and other issues, Mr. Baker said the United States hoped "that prominent persons from whatever country will not permit themselves to be used by Saddam Hussein." Former leaders of a number of countries, including Edward Heath, longtime Conservative prime minister of Britain, have visited Baghdad recently, and some have won the release of hostages.

Asked by a European journalist why the United States was working

on a new UN resolution and why it was sending hundreds of thousands of fresh troops to Saudi Arabia and nearby waters, Mr. Baker said, "You must at the very least lay the political and military foundation for using force, or the military option will obviously lack all credibility."

President Bush said Thursday night that an Iraqi withdrawal from Kuwait should be followed by international guarantees that would eliminate Iraqi chemical weapons and halt that country's nuclear weapons program.

The Yale Review Wins a Reprieve

New York Times Service

NEW YORK — A campaign to save The Yale Review has forced Benno C. Schmidt Jr., the school's president, to reverse his decision to cancel the 79-year-old literary quarterly, review editors and supporters say.

Several supporters of the review have received a letter from Mr. Schmidt saying he "intends to try to give it a bright future." The magazine was to publish its final issue in February, Mr. Schmidt had announced in July that the university could no longer afford to subsidize the review at \$40,000 to \$80,000 a year.

Mr. Schmidt's reversal occurred almost two months after he received a petition urging that he continue the review.

Mr. Schmidt's reversal occurred almost two months after he received a petition urging that he continue the review.

HARRY WINSTON
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THE PARIS SUMMIT: After 20 months of negotiations, several tons of documents put an end to the Cold War

After Europe's Thaw, a Pact to Ward Off the Cold

By Joseph Fitchett

PARIS — The Cold War military confrontation in Europe ended this week in a hush: After a two-hour "silence procedure" in which no objections were raised, negotiators from 22 nations settled history's furthest-reaching conventional disarmament treaty and legalized the Soviet Army's retreat back into Soviet territory.

This treaty — agreed to Thursday, to be initiated Sunday and signed Monday — is monumental in every sense. The document, including each nation's arms list, will run to several tons.

Negotiated in 20 months, the Conventional Forces in Europe treaty sets limits on military forces in Europe that a previous negotiation had failed to achieve in 15 years. Moscow will scrap nearly 20,000 tanks and comparable shares of its other armored forces.

The treaty constrains heavy armaments so tightly that it forecloses the risk of a surprise Soviet offensive.

"That threat drove the West's security agenda throughout the Cold War," according to R. James Woolsey, the U.S. negotiator in the Vienna talks.

Political revolutions in Eastern Europe last year have rolled back Soviet forces farther and faster than treaty negotiators ever dreamed of doing. The treaty stipulates that Moscow cannot send its troops back to Eastern Europe without being invited by governments there — a provision suggested by Hungary.

When negotiations were planned on limiting conventional forces in Europe, the talks appeared to be a way of easing a Soviet military threat that had oppressed Eastern Europe and menaced the West. The treaty "locks in the change," Mr. Woolsey said. But he acknowledged that the

The 'Old' and the 'New' Europe

Tanks in treaty area from the Atlantic to the Urals

	US	Nato	Soviet	Warsaw Pact
1988	5,700	22,000	46,000	50,000
1990	5,000	23,000	25,000	47,000
1993	5,000	20,000	13,150	20,000

1. Tanks redeployed to Gulf still are counted toward treaty totals.
2. Figure after German unity.
3. Treaty-permitted totals unlikely to be reached in practice.

International Herald Tribune

only legalized "the changes that it was conceived to catalyze." To grasp what changes are being legalized, consider Germany, which was the central front of the confrontation. Two years ago, there were 21,246 tanks in Germany: 11,876 in West Germany and 9,370 in East Germany, according to the International Institute of Strategic Studies. Three years from now, there will be fewer than 7,500.

Among the Western allies, Germany is getting the most relief from the presence of armaments massed on the central front, and Germany is also planning the biggest cuts in its own forces.

The Defense Ministry in Bonn said Friday that Germany would reduce its tank force to 4,166 from the 7,283 that became German and NATO tanks when East Germany was incorporated into West.

The remaining 3,117 tanks will either be scrapped or handed on to well-equipped allied forces.

Even deeper cuts will come in Germany's armored personnel carriers, which will go from 8,858 to 3,446. Similar but smaller cuts are planned for all 22 nations in all of the treaty's categories of arms, including artillery, combat aircraft and attack helicopters.

In the cockpit of Europe, known as the central zone in the treaty, the North Atlantic Treaty Organization can never again have more than 8,000 tanks. The Warsaw Pact is theoretically entitled to an equal ceiling of 8,000, but in reality the Soviet Union will have none, except perhaps a handful in Poland, with Czechoslovakia and Poland each fielding perhaps 1,000 tanks.

The treaty, originally conceived as a way of thinning offensive forces at Europe's flash point, now does less for Western defense than the collapse of the Warsaw Pact, which has rolled Soviet forces so far back that NATO would have lengthy warning time before any assault. As a result, the West has allowed the Soviet Union to cut less than once hoped — for example, only about half the original target of 40,000 tanks will be scrapped.

In a Europe that is being politically reshaped, the treaty has assumed unexpected importance as a way of enhancing military stability by preventing any country from massing the forces to attack a neighbor. A Western negotiator said: "We think that we have removed that military fear and the resulting reactive behavior by limiting the buildup of ground-seizing arms."

multiple-choice question: Would this be another World War II, or another Vietnam?

"I'm old enough to have lived through Hitler's early years, when no one drew a line," Joseph Schaff, a musician, said the other day over breakfast in Bennington, Vermont. "And I don't think someone like Saddam Hussein," the Iraqi president, "should be allowed to build up that degree of power."

"This is not World War II," Mr. Schaff's breakfast companion, Adelaide Fine, objected. "This is like Vietnam. What you have is no declaration of war, and a chief executive hell-bent on fighting. I can't understand why there isn't more outcry."

The formula is a slightly flexible set of ceilings on armaments, involving a map of zones and a set of rules about how much and whose weaponry is allowed in each zone. The treaty establishes four zones, basically along lines suggested by NATO: a central zone, where the fewest weapons are permitted; the main staging front, with higher ceilings; the rear, where larger masses of weaponry can be kept by both sides, and the "flanks."

The fourth zone, covering the flanks, gets special treatment: Norway, across the densely militarized Kola Peninsula in the Leningrad region, and Turkey, across Soviet Interior Ministry tanks being used against ethnic unrest in southern Soviet republics. The flanks therefore have their own ceilings and a rule limiting reinforcements.

These provisions will be enforced by an elaborate system of verification that allows any country to demand to inspect any military installation and armed forces unit, down to the size of battalions (fewer than 1,000 men). The Soviet Union alone has said that it has 1,600 military sites concerned by treaty provisions, and any of the 21 signatories, including East European countries, can also demand "challenge inspections" of any other military installation that appears suspicious.

Special arrangements have been worked out for arms factories in the treaty area, which stretches from the Atlantic to the Ural Mountains. Since the levels of armaments cannot be changed in this area, a new tank can only be put into service if an older one is destroyed. Export armaments — which are exempt — will be parked outside in factory yards for aerial inspection.

Political goodwill is visible in Western efforts to minimize Soviet

actions that circumvent the treaty: the stockpiling of tanks behind the Urals so that they will not have to be destroyed and the shifting of the Kiev military district out of the tightly constrained flank zone so that Moscow can use its storage facilities to protect tanks that may be needed in a domestic emergency.

The complexity of formulating a treaty — involving 23 nations with diverging strategic interests and covering all their main armaments except nuclear weapons — made many officials skeptical that negotiations, which started in March 1989, would result in an accord.

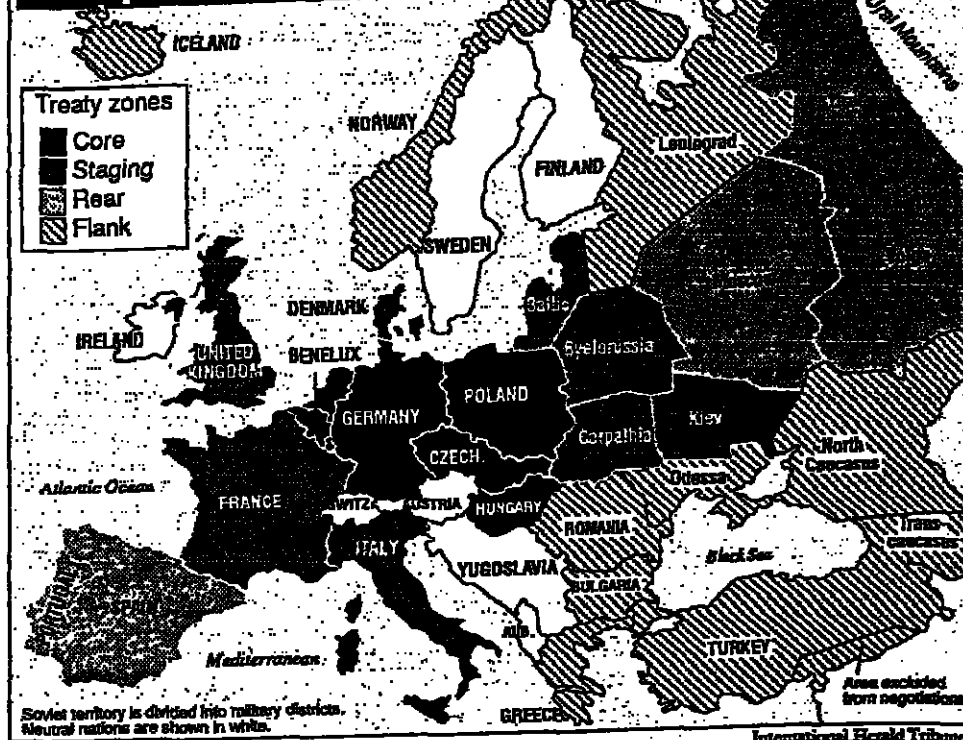
The pact only became a certainty after talks between the U.S. secretary of state, James A. Baker 3d, and the Soviet foreign minister, Eduard A. Shevardnadze, in New York in early October and last weekend in Moscow.

The Soviet military, which was directly involved in the Moscow sessions, seems set to back the treaty when it comes up for ratification in the Soviet parliament, Western negotiators said.

In the final trade-offs, Moscow agreed to make a separate political statement limiting the number of naval warplanes it stations on shore. Western concessions mainly involved accepting higher totals of arms. For example, the ceiling on combat aircraft is 6,800 even though NATO has never had that many warplanes in Europe, and budget cuts will drive Western air power even lower.

Details that could not be settled in time for the treaty — for example, aerial inspections linked to the stalled "open-sky" talks — will be taken up at discussions that will continue in Vienna. Fresh conventional-forces talks are not foreseen before 1992.

Europe's New Military Landscape



Bush to Meet With Havel and Kohl

By Joseph Fitchett

WASHINGTON — President George Bush was leaving Friday for Europe and the Middle East on a trip designed to close out the Cold War formally and discuss the Gulf crisis with foreign leaders.

Mr. Bush's first stop will be Prague for ceremonies Saturday marking Czechoslovakia's peaceful revolution, which began a year ago.

After talks with President Vaclav Havel, Mr. Bush is expected to address a huge outdoor rally in St. Wenceslas Square.

On Sunday, he flies to Germany

for talks with Chancellor Helmut Kohl on the Gulf and other issues before going to Paris that night for dinner with President François Mitterrand.

In Paris, he will take part in the 34-state European summit meeting as part of the Conference on Security and Cooperation in Europe.

At the meeting, Mr. Bush will join leaders of the Soviet Union and other nations in signing an accord on conventional forces in Europe that will produce deep cuts in nonnuclear weapons.

In Paris, Mr. Bush is expected to meet privately on the Gulf crisis with Mikhail S. Gorbachev and at least a half-dozen other leaders, including Mr. Mitterrand and Prime Minister Margaret Thatcher of Britain.

From Paris, Mr. Bush goes to Saudi Arabia for talks with King Fahd and the exiled emir of Kuwait, Sheikh Jaber al Ahmad al Sabah, and then to Egypt to meet with President Hosni Mubarak.

Mr. Bush will spend Thursday, Thanksgiving Day, with American troops in the Saudi Arabian desert.

He returns to Washington on Friday.

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In America, People Brace for Gulf War But Aren't Quite Sure Why

By Elizabeth Kolbert

CHARLES TOWN, West Virginia — Richard Weese insists he is no liberal. "I don't believe in the do-gooders who say we should go home and stick our heads in the sand," he said the other day, settling into a seat at the Sadler Cafe.

But Mr. Weese, a retired air controller, is not sure that he could support a war in the Gulf either. "It's kind of hard to say you're fighting for democracy," he said, "when you know the Kuwaitis don't have one."

A few hundred miles to the north, in North Adams, Massachusetts, Howard D'Amico stood amid the clutter of his bargain outlet store, expressing frustration that, at 65, he was too old to go to Saudi Arabia himself. "Let the wimps step aside," he said. "I'll go in their place."

Mr. D'Amico called himself "a strong supporter of our stand" in the Gulf. But when pressed, he acknowledged that he was unsure just what that stand was. "That's something I would like to know," he said. "What are we fighting about?"

As more than 150,000 U.S. troops prepare to head for the Gulf, adding to the 230,000 already there, and as Washington talks of a possible offensive strike, the display of unity among Americans is starting to show signs of wear.

In conversations from Vermont to West Virginia, Americans of all ages and walks of life expressed not just a growing fear of war, but also increasing ambivalence about the involvement of the United States and growing frustration that President George Bush had not given the nation what they thought was a satisfactory explanation for mobilizing the armed forces.

While many of those interviewed — farmers and nurses, lawyers and soldiers — said they would support whatever path Mr. Bush chose to pursue in the Gulf, many others said they were beginning to wonder whether they could still support the president once the killing started.

And as Americans confront the possibility of another war, history seems to present a troubling

"That's something I would like to know. What are we fighting about?"

Howard D'Amico, a storekeeper in North Adams, Massachusetts



David Jennings/The New York Times

multiple-choice question: Would this be another World War II, or another Vietnam?

"I'm old enough to have lived through Hitler's early years, when no one drew a line," Joseph Schaff, a musician, said the other day over breakfast in Bennington, Vermont. "And I don't think someone like Saddam Hussein," the Iraqi president, "should be allowed to build up that degree of power."

"This is not World War II," Mr. Schaff's breakfast companion, Adelaide Fine, objected. "This is like Vietnam. What you have is no declaration of war, and a chief executive hell-bent on fighting. I can't understand why there isn't more outcry."

A common complaint among those interviewed was that the Bush administration seemed unable to come up with a consistent — and compelling — account of what the United States was preparing to fight for. Was it to protect oil sources, they wanted to know, or to prevent further aggression, or simply to maintain the status quo?

"What I don't like is the fact that we can't get any straight answers," said Doreana Wimberly, a secretary from Rome, New York. "Just watching the news on TV and trying to explain to my kids why are we over there, I can't give them a justifiable reason. I just say, 'The world is crazy, I guess.'"

Wilkes-Barre, Pennsylvania:

Portents Haunt a Holiday

The Veterans Day Parade is always a good show in Wilkes-Barre, the kind of event that draws people a few hours early to stake out good seats and stomp around in the cold.

Linda Garrison, who has two nephews in Saudi Arabia and a husband who could get called up any minute, thought the parade was a good opportunity to rally support for the troops abroad.

She brought several hundred little yellow bows in a big plastic bag, and pretty soon there was not an empty lapel in sight.

"We're not asking people to believe we should be over there," she said, slipping a ribbon into the buttonhole of a reporter's jacket. "We're just asking them to believe in the people who are over there. I don't want the reception for those men to be like it was after Vietnam."

Bennington, Vermont: Skepticism on a Campus

The last time the United States was involved in a full-scale war, Celene Colburn was 4 years old. She does not believe, she says, that peace is the primary objective of the U.S. government.

"The whole history of U.S. intervention in South America shows that our involvement is relative to our economic interests," she said. "And yet it's always played out like it's a moral or an ethical thing."

On a recent slate-gray afternoon, Ms. Colburn and several of her friends were gathered over what passed for lunch — a few apples — in the Bennington College student lounge. When a reporter pulled up a chair and steered the conversation toward the Gulf, the jovial mood of the group suddenly turned sullen.

"I feel very skeptical about the information that's available to us," said Ms. Colburn, a 21-year-old dance major, drawing her legs up to her chest. "We as a nation make choices about when to get involved, and it seems to me that those deci-

sions always have to do with the interests of big corporations."

Down the hill at Bennington's American Legion post, Larry Holcomb, a Vietnam veteran, was having a mid-afternoon beer after finishing his rounds as a water- and sewer-supply salesman. He dismissed the college students' views as so much leftist cant. But he agreed that at the heart of the matter lay a vast pool of oil.

"A dinky little country like that telling us what to do, it's ridiculous," he said. "I don't think we should leave, mainly because I can't afford what they want for gasoline."

Rome, New York: Rumbles Felt in the Home

Rome, the home of Griffiss Air Force Base, is a straight-talking town whose fortunes rise and fall with the military's. And while other towns may be starting to grow jittery at the thought of war, Rome is already shuddering.

Dawn Glasgow's husband, Eddie, who is stationed at Griffiss, headed for the Gulf in August, part of the 416th Organizational Maintenance Squadron. When he left, their second child, Sean, was just 6 months old.

Mrs. Glasgow said she worried all the time about her husband, and wrote to him almost every day. But, she said, she knew he had no choice. "It's his job," she said. "He joined the service for a purpose. And now his time to go over there to defend us."

Over at Walt's, a tavern in the seedier part of town that caters to servicemen, an early-evening crowd was gathered under a cardboard sign that read "No Tabs." The consensus around the bar was that the civilian population did not really know how terrible a war would be.

"I think the military is aware of how high the casualties would be," said Willie Fletcher, who spent four years in the air force and now works part time at Walt's. "The rest of the people are not. Anybody who knows anything about what's going on, they're really concerned."

No Plans For Draft, U.S. Says

Washington Post Service

WASHINGTON — The Pentagon says it has no plans to bring back the draft to meet personnel requirements that might be generated by a war in the Gulf.

The prospect of high casualties if U.S. troops have to dig out entrenched Iraqis in Kuwait has caused some military personnel specialists to wonder where the United States would find replacements with the required combat skills.

But a Pentagon spokesman, Pete Williams, said, "I've seen no discussion of reimposing the draft."

The last draft calls were issued in December 1973, toward the end of the Vietnam War. President Richard Nixon, rather than Congress, authorized another one-year extension of the authority to conscript.

In 1973 let that authority lapse and shifted to the all-volunteer military, which exists today.

To bring back the draft, either Congress or President George Bush would have to initiate legislative action, something neither appears inclined to do. This means that the Gulf forces now deployed would almost certainly be replaced by activating more reservists once active-duty forces based elsewhere could not fill the need.

Critics contend that combat units are composed largely of have-nots, who risk their lives for those who are better off.

Withdrawal Is Urged by U.S. Group Of Churches

By Ari L. Goldman

PORTLAND, Oregon — The National Council of Churches, a major voice of mainline Christians in the United States, has unanimously approved a resolution calling for the immediate withdrawal of most U.S. forces from the Gulf region.

The action was met by sustained applause from nearly 200 delegates at the council's general board meeting here. The resolution recommended that the only troops remaining serve under the United Nations flag.

The action criticized the Bush administration for "reckless rhetoric" and "imprudent behavior" and a precipitous military buildup. These actions have "given rise to widespread speculation" that the United States will soon initiate war, the council said.

"As Christians in the U.S., we must witness against weak resignation to the illogical logic of militarism and war," the resolution said.

The council speaks for its 32 member denominations, including the United Methodist Church, the Episcopal Church, the Presbyterian Church, the United Church of Christ, the National Baptist Convention of America and the Orthodox Church in America. It represents about 42 million Christians throughout the country.

In stating out a strong and administration policy on Thursday, the council went further than American Roman Catholic bishops, who on Monday urged the administration to exercise restraint. Only the leftist "peace churches" and a few Catholics and mainline Protestants associated with them have gone as far as the church council in calling for a major U.S. withdrawal.

The council has been outspoken before against U.S. military interventions abroad. It criticized the invasion of Grenada in 1983 and the invasion of Panama last year. In 1985, it was the first major church organization to call for a withdrawal of U.S. forces from Vietnam.

The council suffered severe declines in membership and influence in the 1980s. In its heyday in the 1950s and 60s, presidents and cabinet officials would call in the leaders of the council for consultation. In the Reagan era, evangelical Christians, especially the Moral Majority, stole the political limelight.

Even though the council's influence has waned, several political experts said Thursday that the notion of the Gulf would carry considerable weight.

The resolution also links the Gulf crisis with the Israeli-Palestinian issue. It said the administration was practicing a double standard in pressing for an Iraqi withdrawal from Kuwait in accordance with UN resolutions but not requiring Arab lands in accordance with other UN resolutions.

"The region cries out for a U.S. policy that seeks to redress all cases of injustice, including those of Israel and Palestine, Lebanon and Cyprus," the resolution says.

Influential Congressmen Urge Greater Allied Contribution to Gulf Effort

By R. Jeffrey Smith

WASHINGTON Post Service — Influential U.S. legislators are urging other countries to contribute more money and commit more forces to the U.S.-led military operation in the Middle East.

Without additional foreign contributions to the international coalition organized against Iraq, the legislators worry that congressional criticism of the Gulf operation could intensify and result in a divisive domestic debate over military action to oust Iraq's forces from Kuwait.

Such concerns, voiced this week by the Democratic chairmen of the House and Senate armed services committees as well as other legislators, appear to have caught the Bush administration by surprise.

Senior U.S. officials have said that they have no immediate plans to press the allies for additional contributions.

U.S. allies in Europe, Asia and the Middle East have pledged as much as \$20 billion to help pay the costs of the Middle East crisis, with

roughly \$6 billion to defray U.S. military expenses in defending Saudi Arabia and enforcing the UN-sanctioned embargo of Iraqi trade, according to tallies provided Thursday by the Defense and State departments.

Officials said the \$6 billion contribution to the U.S. military operation represents only a fraction of the expense of deploying as many as 430,000 U.S. troops in the region by early next year.

Legislators have expressed concern that this deployment leaves the United States carrying too much of the military burden.

Les Aspin, chairman of the House Armed Services Committee, said Thursday that U.S. ground troops now amounted to 57 percent of all forces deployed in Saudi Arabia.

Officials said that without more foreign troops, the U.S. share will probably rise to more than 70 percent.

"If Americans are critical today of the relative unwillingness of others — chiefly Europeans and Japanese — to share the burden of this confrontation," said Mr. Aspin, "imagine how critical, even furious, they are likely to be when they see few others paying the blood price."

The Wisconsin Democrat made the comments in releasing a report critical of the allied contributions.

The chairman of the Senate Armed Services Committee, Sam Nunn, Democrat of Georgia, said: "I think there are serious questions raised when America has 70 to 80 percent of the forces in the region. The last thing that we need in that part of the world is for it to appear to be the United States versus Iraq and perhaps even become U.S. versus Islam. We don't want that. It is not that now."

Mr. Nunn expressed concern

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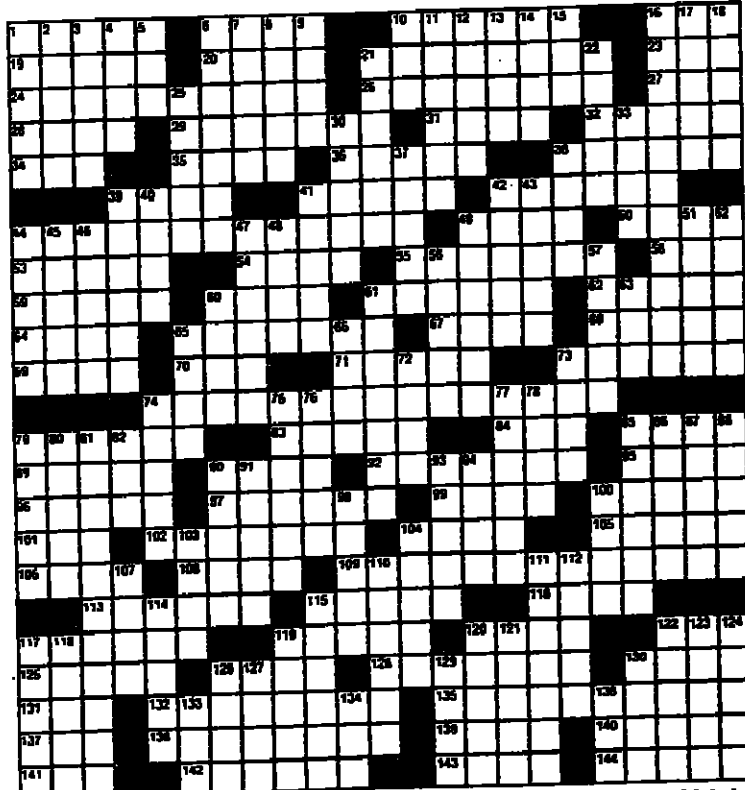
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Wall Street Melodies By Edward Marchese



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1 Rarabon per-
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2 Created
10 Textile city in
N France
16 But
20 Put to the test
21 "When I was
... W.S.
Gilbert
22 Banana kin
23 Random im-
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24 Song for mar-
ket tip that
bombed?
26 Song for late
Oct. 1929?
27 Southwest Indi-
an
28 Tied
29 New accessory
31 Polish film
32 Correspond
34 Influenced
35 Author of "The
Gambler"
36 Debussy opus
38 Pincers
39 "I begin to
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41 Located
42 Bach's... of
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44 Song for a bro-
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49 Type of vol-
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50 Unbend
53 Value
54 Nobelist Wiesel
55 Gospel
56 ... of Good
Feeling: 1817-
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59 Kinky
60 Injustice lan-
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61 Barley beard
62 Singer John
64 Arabian Sea
65 Puts a new cov-
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67 Sirus or Vega
68 Dr. Seuss's
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69 Cannonball
70 Tokyo, former-
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71 Promessi
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73 Swabbed
74 Hopeful phun-
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76 Brings forth
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84 Free electron
85 R.h.i.s. one
86 Actress Irene
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88 Bus station
92 Largest of the
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95 What else
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96 Habitual
97 Film on bronze
99 Harold of Tin
Pan Alley
100 Down Under
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101 Wood shaper
102 Hit man or
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104 Largest natu-
ral lake in
Wales
105 Durer's
"Paumgartner"
106 Flatten a flat
108 Pasture
plant
109 Takeover
song?

DOWN

1 Barker's come-
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2 Desire fiercely

3 Did some

ranch work

4 Eden's earl-
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5 Set

6 Business ty-
coon

7 Gutlander

8 Stunned

9 A biographer
of Henry
James

10 Everything

11 Snack-bar
drink12 Actress Ste-
vens: 1924-7913 French sum-
mers14 Former D.C.
rival

15 Kinsman

16 Song for blue-
chip stocks?

17 Cafe patron

18 Dile and dilemma

21 Henry Morgan
was one22 Antelope of E.
Africa

25 Gumbos

28 Englishman's
"Fur"33 Carpenter's
heavy beam

37 Without concern

38 Balzac's "Le
Goriot"

39 Secret

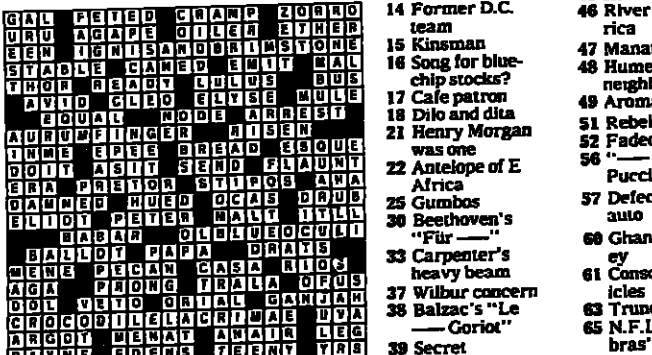
40 Cambodia's
monetary unit
41 Agitated states
42 Nile delta city
43 Ishmael's
mothers
44 Small herring
45 River in W. Af-
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47 Manatee
48 Humorous
neighbor
49 Aromatic resin
51 Rebellious
52 Faded
56 "d'arrie,"
Puccini aria
57 Defective new
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59 Ghanaian mon-
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61 Consort of Per-
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63 Truncate
65 N.F.L.'s "ze-
bras"

66 Danish weights
72 Placer materi-
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73 Polynesian's
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74 Relative of a
goat
75 Emulated
Pearl White
76 Fast
77 Wintry
78 Weak-eyed
worm hunter
79 Hoplite's weap-
on
80 Ling-Ling, for
one
81 King of Siam's
song for Wall
Street
82 What Aristoph-
anes called
"Ares' chick"
85 Poles for some
clowns

86 Silverheels
role
87 Right-angled to
a keel
88 "Prom-
isee": Mau-
rois
89 Bender
91 Accumulate
93 "The Shell of
...": 1921 song
94 Tree trunk
95 "Drake" poet
100 Summon, in a
way
103 Dionysus spe-
cialty
104 Sac or city
once sacked by
Tatars
107 O.K. Corral fig-
ure
110 Emulated Red
Jacket
111 Some of the
troopians

112 Without face
value, as stocks
114 Dejection
115 Banish
117 Port city in
Hokkaido
118 Soft palate
119 Confused
struggle
120 Philippine is-
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122 Subdued
123 "The Stag"
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ANTIQUE PORCELAIN. M^{rs} MILLON ROBERT. Tel: (1) 48 00 99 44.

Sunday, November 25
Room 2 at 2:30 p.m. JEWELRY & ARTIST'S CREATIONS, THEATRICAL JEWEL-
RY BELONGING TO MARLENE DIETRICH. M^{rs} Catherine CHARBONNEAU,
134 rue du Faubourg St-Honoré, 75008 Paris. Tel: (1) 45 39 66 36.
Fax: (1) 42 50 52 57.

Sunday November 25
Rooms 1 & 6 at 2:30 p.m. FROM THE PRIVATE COLLECTION OF M. Alain DELON
& OTHERS. IMPORTANT MODERN PAINTINGS by:
Pierre Bonnard, "No dans un intérieur" (1908) - Georges Combe, "Le château de
Chillon" (c.1875) - Eugene Delacroix, "Madeline" (1843) - Pablo Picasso, "Nu assis"
(1906-1907) - Pablo Picasso, "La cinquième année" (1952) - Amedeo Modigliani, "Portrait de
jeune femme" (c.1910)
M^{rs} LOUDMER, 45 rue La Fayette, 75009 Paris. Tel: (1) 48 78 89 89.
Fax: (1) 48 78 91 00.

Monday, November 26
Rooms 1 & 7 at 2:30 p.m. IMPORTANT MODERN PAINTINGS by Arp, Balzan,
Gris, Chagall, Courbet, Dalí, Fautou, Géricault, Klee, Léger, Lhote,
Matisse, Merzinger, Picasso, Utrillo, Valmier, Valat, Vlaminck, Vuillard...
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Monday, November 26
At 9 p.m. MODERN & IMPRESSIONIST PAINTINGS including 2 paintings by
Francis Bacon, Renoir, Collection of the "Kunsthaus Zurich" Museum -
Oskar Reizen et al. Collection of 22 works by Jean Arp, provenance: Fouquet &
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Riopelle, Rouault, Roy, Schneider, Serrurier, Soude, Tapis, Vuillard... On view in
Enghein, France: Tuesday, Nov. 20, 9 p.m. - 11 p.m. Wednesday, Nov. 21, 10 a.m. - 12 &
2-6 p.m. - Correspondence in Japan: Japan art gallery Kuryama Building 3F 3-4-4
Roppongi, Minato-ku, Tokyo. Tel: (03) 746 1711 - Fax: (03) 746 0173.
M^{rs} CHAMPIN-LOMBARD-GAUTIER, 2 rue du Docteur Lecay, Enghein.
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At 2:30 p.m. OLD MASTER, MODERN & CONTEMPORARY PAINTINGS.
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Tuesday, November 27
At 7:30 p.m. ART NOUVEAU-ART DECO. At 8:30 p.m. MODERN & CONTEMPORARY
PAINTINGS by Dufour, Lanson, Pissarro. Catalogue available on
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ART

Watch Where You Walk at Tate

By Claire Frankel

LONDON — In 1966, Carl Andre's arrangement of bricks called "Equivalent VIII" was shown at the Tate Gallery and a great holler went up in the community that this was not art. But that was light years from today's exhibition of Richard Long's works on display the entire length of its main sculpture gallery. We've grown accustomed to the face of arranged materials, so much so that in many quarters nary a query is whispered about its artistic credentials nor an eyebrow raised.

Completed on location and running until Jan. 6, Long's works are called "Cornish Slate Line," "Norfolk Flint Circle" and "White Water Line." Each assemblage of natural materials took a day to install; the specific amount of floor space to be occupied evolved as each installation happened. Random grey Cornwall slabs of slate and white irregular Norfolk flint stones are not tampered with in any way.

In the case of "White Water Line," a watering can filled with a solution of china clay powder and water was poured by Long onto the floor, forming a rhythmic pattern reminiscent of Matisse's leafy cut-outs. The making must have been an instructive and fascinating piece of performance art, one which the Tate and Long might consider opening up — to enhance public appreciation.

LONG, who was born near Bristol 45 years ago, represented Britain at the 1976 Venice Biennale, filling the pavilion with one long line of stones running through the rooms.

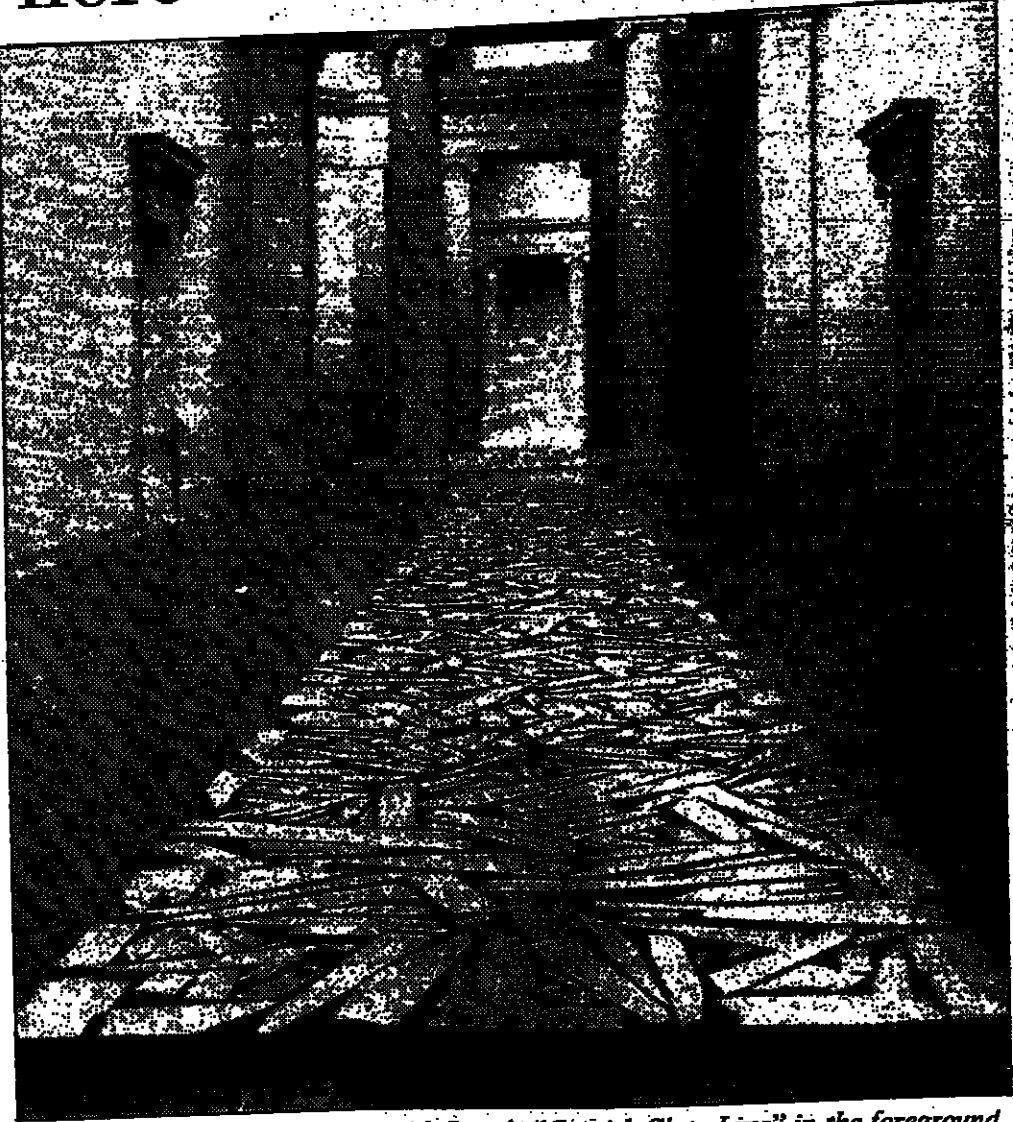
He has made walking a kind of global ritual, recording his days in Peru, the Himalayas, Lapland and many other remote areas with photographs, maps and books. The photograph "A Clearing" shows the path worn by six days of walking back and forth in the flat, rocky Sahara; "The Wet Road" details in writing "the times of walking on the rain-wetted road along a 19-day walk of 591 miles from the north coast to the south coast of France" — first day one and a half hours, and so on.

He was the winner of last year's Turner Prize and says: "Art is about the freedom to choose how you set in life and in the world you live in. I have got the freedom and I am very conscious not to misuse it."

Contemplating the undulating movement of "White Water Line," I watched a young girl walk nonchalantly across it, too fast for the seated guard's probable reprimand. I wondered if Long would have minded the trespass, whether this disturbance to his harmonic arrangement, leaving her shoe print on the dry chalk solution, would matter. I also wondered if the girl would make another path across the more hazardous slate line or flint circle, duplicating Long's regular recording through fields and mountains. She did not.

Like a Rothko painting, the works invite our involvement. Like Andre's bricks, the Tate establishes the expansion of nontraditional art forms and its inevitable, amorphous quality when the exhibition literally breaks up. The Tate's director, Nicholas Serota, writes that "Long reminds us that we are not simply observers but, working with or against the grain, we are ourselves participants in the natural order."

Like Long's, the exhibition of the Bombay-born artist Anish Kapoor, at the Tate until Feb. 10, has a strong artistic presence that leans on Eastern religion. Both artists



The sculpture hall at the Tate, with Long's "Cornish Slate Line" in the foreground.

plot their ideas, have a sure knowledge of parameters and then quickly execute them. Kapoor is best known for his sculpture — he was a potterhouse in this year's Venice Biennale — and this is the first large exhibition of his drawings.

dominate the pictures. Obsessive vertical shapes in contrasting colors combine with shadowy radiations. Mountains and caves offer a certain sexual symbolism. Paper maché, used centrally, forms a successful, sculptural, white spore-like piece. Spontaneity is the key.

Indian society — including the film industry — is Victorian by today's Western standards but Indian art is openly sensual — no dithering about intent or subject matter. The temples at Konarak and Kajari are encrusted with the explicit delights of sex. In the 19 years Kapoor has lived in England, his brush has faded in the central red and yellow lack the Indian brilliance; the yellow has more brown, the red more pink. But his works leave little doubt that while a much more subtle, more English sensibility has infiltrated, the Indian kinship has not been lost.

Claire Frankel is an American journalist who lives in London.

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مكتبة الأمل



ART

Saturday-Sunday,
November 17-18, 1990
Page 7

Step Right Up! New, Improved Art — Or Ads?

By Michael Gibson
International Herald Tribune

PARIS — By coincidence, the Pompidou center is presenting an ambitious and frequently entertaining exhibition entitled "Art & Pub" (Art and Advertising) precisely at a time when the Museum of Modern Art in New York is offering a show devoted to a comparable theme under the title "High and Low."



An 1898 sketch by Paul for an ad for an aperitif.

products themselves, have found their way into works displayed in galleries and museums.

The subject is highly relevant, considering the way in which the imagery and slogans of advertising have managed to colonize and indeed clog up the public imagination over the past hundred years. But as the French show demonstrates, this was not accomplished without the willing assistance of the artists themselves.

The 1,200-item Paris exhibition, which runs through Feb. 25, attempts to cover every aspect of the subject: packaging, neon signs, architecture, press, radio, cinema and TV commercials. It also includes a number of "one-man shows" devoted to artists such as René Magritte, Sonia Delaunay and Fortunato Depero who all produced works in both registers, and such talented offshoots as Capriccio and Savignac.

Advertising arose out of the development of new technical means. In the 1890s lithography was the medium, and in the following decades, other techniques, including photography, film, TV and computer

imagery, would be developed and put to use.

The relationship between the two domains has never ceased to be ambivalent. The Futurists and the Dadaists, for instance, made ironic use of the idiom of advertising to tout their own movement. In fact, as a Swiss art historian recently established, the name Dada was borrowed from a hair lotion produced in Zurich.

The numerous, complex issues the exhibition raises touch upon the dynamics of the consumer society, our enjoyment of it and our reactions to the current super-abundance of images.

The organizers of the Paris exhibition have sought to demonstrate that there is no definite frontier in practice.

The same people can often be found working on both sides of the fence, and the same aesthetic laws apply both here and there. Almost identical images were used by Magritte for a perfume ad and for a painting with enigmatic surreal implications.

As the exhibition shows, artists may play games with advertising (as do Raymond Hains or Mimmo Rotella), or be content to work seriously and effectively in their own domain (as do, say, Anselm Kiefer or Joan Mitchell, neither of whom are represented in this show). But despite occasional interaction the two domains will always remain distinct, for the difference resides, not in the medium, but in the matter addressed.

The inspired choreography of Jean-Paul Goude's TV commercials is a superior form of clowning that arouses sympathy for the product represented. Granted, it is artfully done, but this does not quite suffice to make it "art," for the sales pitch, no matter how amusingly disguised, still lurks in the background.

But then again, much of what is presented as "art" today is apparently in the same boat. It may not be making a sales pitch but it remains quite as topical as any advertising: clever, relevant, occasionally amusing, but without that touch of poetry that can lift the viewer into a different frame of reference.

Images can be used to bless or curse, to persuade or to reveal some approach to truth. At its core, art, which is made with images but implies more than an image, continues to accomplish something unique by allowing the viewer to achieve a momentarily heightened perception of his or her particular situation, and of human destiny in general.

No other product can make this claim.



Fortunato Depero's 1928 collage for a liqueur.



Eugene Boudin's beach scene, above, made \$231,000. Van Gogh's garden drawing set a record at \$8.36 million.

A Retreat From Speculation

International Herald Tribune

NEW YORK — The mid-November sales of Impressionist and Modern Masters this week marked the end of a short era of mad speculation. First there was the disastrous Henry Ford II auction at Sotheby's on Monday, probably dealing a lethal blow to one of its most objectionable mar-

SOURBEN MELIKIAN

ket practices, the "guaranteed sale." Secondly, auctions at Sotheby's and Christie's on succeeding days put the market firmly back on its heels, and the price scale back to where it was in 1988.

The Ford fiasco should never have happened. In numbers, it does not even really sound like a fiasco. An auction in which 23 out of 76 lots are sold for \$48.5 million should leave a tidy profit, if only because bidders pay an additional 10 percent on the hammer price. The vendor also pays a little something that varies from zero to 10 percent — depending on how desperate the auction house is to get the goods for sale.

So keen was Sotheby's to wrest the sale from Christie's that it used its secret weapon, the "guarantee," to the utmost. This means that the vendor is entitled to demand payment of a guaranteed amount — whether or not that amount is matched during the bidding or, indeed, whether the work sells at all.

Reports in professional circles are that Sotheby's conceded a guarantee no lower than the low estimate. Dealers and experienced collectors have an antagonistic reaction to such guarantees, identified in the catalogue, as required by law, through some conventional typographical symbol. This did not matter as long as eleventh-hour speculators stepped in and ignored it. Now that they are gone, it again matters a lot. Add exaggerated estimates, as on Monday, and the scene is set for catastrophe.

Sotheby's auctioneer tried to contain it by allowing 11 lots to sell well below the low estimate. A hideous charcoal study by Degas shows a nude woman bending forward with her hands crossed over her stomach as if seized by a cramp. The head and feet are cut off by the edges. It did rather well at \$71,500. But the vertiginous estimate was \$100,000 to \$150,000, plus premium.

A CHARMING, tiny beach scene done by Eugene Boudin in 1887, well sold at \$231,000, stood little chance of making it to the low estimate of \$300,000. As the sale proceeded, the losses against the low estimates became bigger and bigger. A pastel by Degas, not in the best condition, went for \$1.59 million. Alas, the low estimate was \$2 million. Renoir's large study in oils of a woman reclining in the nude, sold for \$2.75 million, carried a \$3.5 million low estimate. Altogether, the 11 lots sold under the low estimate accounted for a \$2.8 million deficit.

This was compounded by the 13 lots that remained unsold. These ranged from Bonnard's picture of a woman squatting in her tub like a frog in repose, bought in at \$2.2

million (low estimate \$3 million) to Picasso's "La Bohemienne," an early atypical work. This fell at \$2 million, far from the rash low estimate of \$3 million. Assuming that Sotheby's should eventually succeed in negotiating the 13 unsold lots at the last bid price — which may not be easy — this would leave it with another loss totaling \$7.2 million. Adding the two losses, which would slightly exceed \$10 million, and subtracting the \$4.5 million made in excess over the low estimate on eight other lots, one is left with a hypothetical overall loss of perhaps as much as \$3.5 million.

This figure may have been the basis for the estimated loss that a press release from the company said might be incurred. The release itself appears to have been drawn up in a crisis atmosphere without much internal consultation. At least two hours after it was carried by a news agency, David Nash, director of Sotheby's paintings department, categorically denied in a telephone interview that any such statement had been made. The miscalculations did not enhance Sotheby's prestige. Its stock dropped as soon as word spread that the Henry Ford II sale had not gone well.

It took only one day, however, to show that reports of Sotheby's death had been greatly exaggerated. Its Tuesday sale of Impressionist and Modern masters was a solid success. The works sold in a single

evening session added up to \$84.4 million. The buy-in rate was only 15.6 percent. The market was steady, even strong.

The best indicator of its vigor was the willingness to buy displayed by experienced dealers at the top of their field. Thomas Ammann of Zurich paid \$1.65 million for Alberto Giacometti's big bronze "Femme Cuillere," one of six cast in 1954 from a model conceived a quarter of a century earlier. Ernst Beyeler of Basel got Joan Miró's "Danseuse espagnole" for \$5.94 million.

WHILE vigorous, the market was now imposing its own terms on the auction. The reasons why Sotheby's came out so well is that it ignored its own estimates more than once. A pretty study of a little girl writing under the watchful eye of her teacher went for \$1.54 million, a third below the low estimate. An important Bonnard, "Le Vestibule," was sold for \$1.26 million against a \$2 million to \$3 million estimate. Boudin's view of the fish market at Trouville done in 1871, with an original composition and a wonderful sense of light, was a \$132,000 bargain (estimate: \$140,000 to \$180,000) bagged by the art broker Marc Blondau. All came from the Jerome K. Ohrbach collection. Sotheby's had apparent-

ly submitted inflated estimates but wisely refrained from guarantees.

There was more of the same with the Greta Garbo pictures that night. The actress had bought with a discerning eye. However, the first Renoir, an enchanting study of a woman whispering into the ear of a man bending his head, remained unsold at \$1.55 million. The estimate was excessive. The next Renoir, "Leontine et Coco," was bought by a dealer for \$5.72 million, considerably less than Sotheby's low estimate of \$7 million. These and other prices made it clear that Sotheby's estimates should have been lower by 20 to 30 percent.

The same is true of Christie's estimates in its Wednesday evening session. Here the auction house was lucky or clever enough to have, for the second week running, a handful of wonderful works that make a sale tilt in the right direction. Van Gogh's sketch in pen and sepia wash of a flower garden in Arles became the world's most expensive drawing at \$8.36 million. It is an extraordinary work. Thomas Gibson of London says that in that size and condition only one other van Gogh drawing remains available in the market. It is the very opposite of the mediocre dab unworthy of the master, a vase filled with flowers grotesquely estimated to be worth \$12 to \$16 million and bought in at \$9 million.

Overestimation need not be



linked to bad quality. It can concern beautiful works in limited demand, such as Monet's view of Argenteuil painted in 1872 in a style and mood still heavily influenced by the Barbizon school, particularly in its color scheme. The price, \$3.52 million, was right, not the utterly unrealistic estimate of \$4 million to \$5 million.

THAT this new resistance of the market to overestimation does not reflect the lack of cash was shown by the enthusiasm displayed over major works. Léger's superb "Les Maisons sous les arbres" was bought for \$9.9 million on behalf of an unnamed collector. Joan Miró's "Les échelles en route de feu traversant l'azur" was hotly disputed between two Japanese bidders to the tune of \$7.15 million. Two years ago that sort of contest could have been witnessed over Monet's confused "Nymphéas," widely estimated by Christie's to be worth \$6 million to \$8 million but sold more plausibly for \$4.4 million.

The newly acquired sophistication of the Japanese is part of the new realism on the market. At the end of the evening \$92.3 million had been spent over 32 lots, which says all about the cash available for art, while the 15 unsold lots under-

line the no-nonsense approach to cuckoo land estimates.

A final touch to the picture was brought on Thursday by Christie's "minor" sales. They could not have fared better. Of the 93 drawings and watercolors offered, 79 were sold for \$11,173,000, leaving a 15 percent buy-in rate, in value as in numbers. A superb early Monet pastel was to be had for \$192,500 and an outstanding Daumier sketch of Don Quixote and Sancho Panza for \$71,500.

In the afternoon, the "Part II" minor Impressionist and Modern works sold without difficulty. Out of 100 lots, 33 found no buyers. The rest totaled \$16.6 million. Dealers bought frequently. This is a new market, sustained but not crazy. The initiative lies once again with the old professionals, dealers and real collectors. The auctioneers are getting off their high horses.

Not least among the surprises, the Americans are buying massively. In Christie's Wednesday evening session, their bidding accounted for 42 percent of the \$92.3 million spent on art against 8 percent in Sotheby's Tuesday session. This might reflect to some extent displeasure with Sotheby's more aggressive marketing approach and guarantee practices. Decidedly, the motto is: Back to the old order.

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FOR SALE / SOLD

Art Nouveau: A jug by Emile Gallé fetched a world record 1,595,000 Swiss francs (\$1.3 million) at a Geneva sale. The price, more than twice the estimate, was the highest ever recorded for a masterpiece by the leading designer of Art Nouveau, the auctioneer, Christie's said. The jug, decorated with an applied soap-bottle and named "La Forêt Javanaise," was bought by the Los Angeles dealer Robert Zehil. The previous top price for a Gallé was \$1.1 million, paid for a lamp in New York a year ago.

Real bogies: The biblical painting done by Han van Meegeren to prove he was an accomplished artist as well as art's most famous forger was sold for £13,200 (\$26,000), Sotheby's said. The auction house said the successful bid for "The Young Christ Teaching in the Temple," painted after World War II in the style of Vermeer, was made on the telephone by a London man who asked not to be identified. After World War II, van Meegeren was tried on charges of collaborating with the Germans by selling them art treasures, including a "Vermeer" sold to the Luftwaffe chief Hermann Göring. Van Meegeren was acquitted after convincing the jury that he had duped the Germans and painted the works himself.

Star dust: Rudolph Valentino's silk shirt, James Dean's wallet and a lock of John Lennon's hair are coming under the hammer at a sale in London. The auction of film and rock memorabilia at Christie's on Dec. 20 will also include a bullwhip used by Harrison Ford in the film "Indiana Jones." Christie's say Valentino's shirt, worn in his last film "The Sheik," could fetch \$12,000, Lennon's hair \$1,000 and the 16-plait kangaroo whip \$10,000.

Shameful ticket: The counterfoil of Prime Minister Neville Chamberlain's air ticket to the Munich conference that betrayed Czechoslovakia to Germany in 1938 was sold for £2,640 (\$5,170), the London auctioneers Phillips said. It was bought by a society that hopes to establish a museum of civil aviation near London.

Iceberg: A 102-carat diamond, the largest gem of its kind ever sold, fetched a record \$12.8 million at Sotheby's in Geneva. The buyer of the "Internally Flawless" diamond was identified as Robert Menzies, a Lebanese jeweler in Geneva. The previous record was set by an 86-carat diamond that fetched \$9.1 million at a New York auction in 1988.

ADVERTISING SECTION

The Sultanate's 20 Years of Progress

Sultan Qaboos acknowledges that in 1970, the year he came to power, Oman was the most backward country in the Arab world. Radio and various forms of entertainment were banned. Only 10 kilometers (6.2 miles) of surfaced road existed. Education was confined

GNP estimated at \$8.5 billion in 1989

to three schools exclusively for boys. In the southern Dhofar region, a bloody Marxist-led insurgency threatened the Sultanate's unity and survival.

In the past 20 years, Oman has decisively reversed the appalling social indicators of the past. By 1989, the Sultanate had built more than 4,200 kilometers of surfaced roads and 18,000 kilometers of graded roads, with another 4,338 kilometers scheduled to be built in the next five years, including 400 kilometers of two-lane highway. There are over 720 schools, with more than 300,000 pupils and 14,000 teachers. A cradle-to-grave system of social welfare exists, with every Omani child having an equal opportunity of progressing through the system, from nursery school to university.

Sultan Qaboos was able to husband Oman's growing revenues for the benefit of his people, since oil exports had begun in 1967. An uncompromising military cam-

On his 50th birthday and the 20th anniversary of his accession, His Highness Sultan Qaboos bin Said Al Said, the 14th ruler in the Al bin Said dynasty since 1749, can look back on two decades of development.



The Royal Hospital, a gift of the Sultan to his people, provides free, highly specialized medical care.

paign brought peace and unity to the Sultanate by the end of 1975, allowing the work of reconciliation and construction to begin. When war ended, diplomacy began. China, the Soviet Union and the Yemen Republic, which all opposed the fledgling regime, have now established diplomatic relations with Oman.

Sultan Qaboos, who trained at the Royal Military Academy at Sandhurst, has maintained a high level of military preparedness, spending some 40 percent of the national

budget on defense. His forces number 26,000 and are well-equipped with modern weapons and defense systems. Although nonaligned, Oman has benefited from its close ties with Western countries, particularly Great Britain, the United States, Germany, France and Japan.

The real challenge for Oman in the 1990s lies in the economic arena. The oil and gas industry dominates the GNP, estimated at \$8.5 billion in 1989, and more investment is needed in the 1990s to

sustain oil production at the target level of 700,000 barrels a day. Diversification is still a distant goal. The new 10-year plan, expected to be announced this month, will put renewed emphasis on revenue-earning enterprises. It will stress health and education, regional development, a modern fishing industry, tourism and jobs for Omanis.

The Sultan Qaboos University in Muscat was a "gift to the nation" from its ruler. But in the 1990s, the higher-education system must be strength-

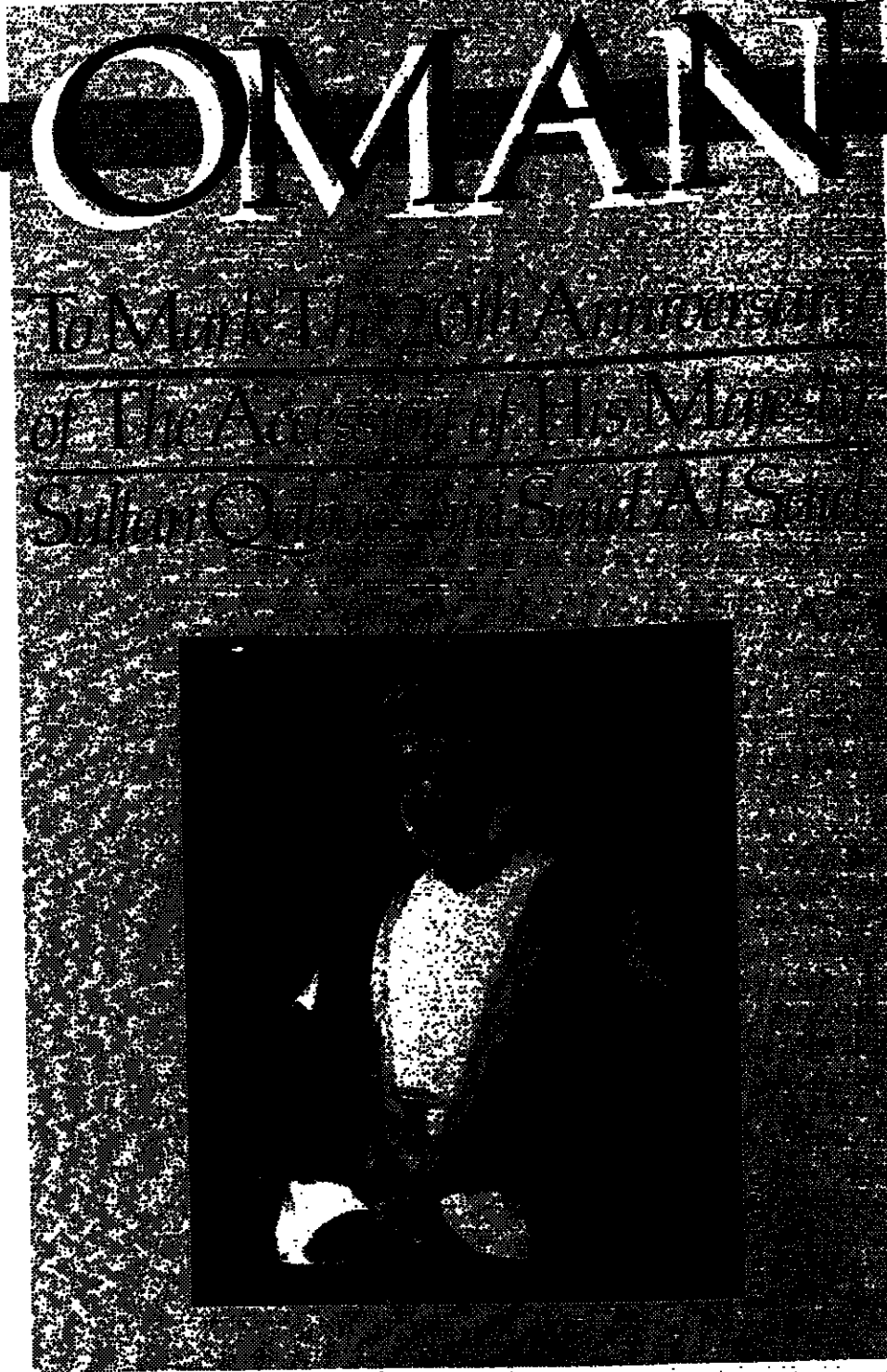
ened, not only at university level but also for vocational training.

Self-reliance is an Omani characteristic. So far there has been very little direct foreign participation in the economy, although the foreign investment law is due to be revised. Omani entrepreneurs are, nevertheless, hungry for access to Western technical expertise, licenses and marketing skills. Despite fears about the small size of the home market, Omani businessmen see export potential, within the Gulf and beyond, to markets served by their great-grandfathers in East Africa and on the Indian subcontinent. Instead of the spices and exotic fragrances of the past, the Omanis of the 21st century will be selling light industrial products, clothing, processed food and copper.

In 1981, Oman joined the Gulf Cooperation Council (GCC) in an attempt to create a free trade area in the Gulf, building on traditional ties of culture, language and Islam.

At a time of regional tension, Oman is secure both in terms of national wealth and military readiness. In 1970, Sultan Qaboos promised a new dawn — a pledge he has delivered on. Twenty years later there are still challenges and opportunities ahead for this rugged, mountainous country on the Indian Ocean.

Lee Voysey



Banks Look to Wider Opportunities

Oman's commercial banks suffered far less than many others when nervous nationals and expatriates flocked to the counters in early August to withdraw their cash and buy hard currencies. Many of the foreign

Oman could gain in relocation of funds

banks in Oman, which include Citibank, the British Bank of the Middle East and the British Grindlays Bank, actually increased their deposits.

After a long period of austerity resulting from the fall in oil prices in the second half of the 1980s and Oman's relatively late entry into the club of Arab oil exporters, the

Oman's financial institutions are now in a position to benefit from the country's favorable geographic position.

country's banking sector had begun to recover this year. Although some institutions, such as the National Bank of Oman — the largest in the country, with assets of just under \$1 billion — were still badly hit by the need to provision against doubtful loans, several others reported increased net profits in 1989. By far the best performance was recorded by Oman International Bank (OIB), the second-largest in the country, which posted a 148 percent rise in profits, from \$2 million at the end of 1988 to \$4.9 million at the end of last December.

Oman Arab Bank saw its earnings rise 18.7 percent to \$3.1 million, while the Bank of Muscat reported an increase of 17.6 percent, to \$1.1 million. Although Al Bank Al Ahli Al Omani registered a figure of only \$989,000 at the end of 1989, this represented an 85 percent increase on the \$533,000 recorded in 1988. Total commercial bank assets in Oman rose by just under 10 percent in 1989, to \$3.9 billion (at the end of last June the total was already \$3.6 billion), according to Central Bank of Oman. In part, this reflected a rise of credit ex-

tended to the private sector.

Loans to this sector rose 9.1 percent in 1989, to just under \$2.2 billion, while private-sector deposits were up 10.9 percent, to slightly more than \$2.2 billion. This followed Central Bank action in 1989 to increase interest rates on the Omani rial. Profit growth at the local banks averaged 6 percent in 1989, the Central Bank noted, while for foreign institutions the figure was 32.7 percent.

At the end of September this year, customer deposits stood at \$2.8 billion and total credit to the commercial banks was \$2.5 billion — significant improvement over 1989.

While the Gulf crisis, as elsewhere, has hindered the expansion of the local stock exchange, Oman could benefit from the relocation of other Gulf funds and companies seeking a more secure base. Already the huge

Bahrain-based Gulf International Bank has announced plans to set up a joint venture, Gibcorp (Oman), with total capital of \$18.2 million to invest in financial services. GIB will have a 49 percent shareholding, with the remainder owned by local investors and the Oman Banking Corporation.

An announcement in September that the Oman Development Bank is to issue five-year bonds through the exchange will help to attract new business. The exchange also plans to allow the marketing of trust funds by licensed investment companies.

The Central Bank of Oman has adopted the recent Basel guidelines on capital adequacy for the commercial banks. The Central Bank has always upheld capital adequacy as a priority for commercial banks, and began putting this into practice as long ago as 1981. The new target ratios are 7.23 percent by the end of the year and 8 percent for 1992. Pamela Ann Smith

Oil Exploration Increases

In response to the oil shortfall caused by Iraq's invasion of Kuwait, efforts are being made to increase production.

"We should be able to maintain a production level of around 700,000 barrels a day," says Rashid Al Barwani, director of marketing at the Ministry of Petroleum and Minerals. In late September, the ministry announced that production of crude oil was to be raised in stages from 660,000 barrels a day to 700,000 over the next three months.

Apart from the extra production, about 15 percent more than last year, the substantial increase in oil prices will mean additional revenue. "Instead of a deficit, we are likely to end up with a small surplus," comments one economist from Oman.

Last year, there was an overall increase in government revenues of 151 million rials (\$392 million), of which 133.6 mil-

lion rials came from improved oil prices. Oil prices had risen by an average of 20.2 percent. Production was up 3.2 percent, from 226.6 million b/d in 1988 to 233.8 million. Oil accounted for more than 80 percent of total revenues. Gas revenues also showed an increase of 2 percent, to 45.1 million rials.

The 700,000 b/d output is close to maximum capacity, according to Petroleum Intelligence Weekly. But new wells should raise production by some 50,000 b/d within the next six months. A further 50,000 b/d are also expected to come on tap over the next two years from the Lekhwar and Daled fields.

In the past, the Omani oil ministry has been cautiously optimistic about production capabilities and, as a result, has always surpassed its targets. According to ministry sources, proven reserves are estimated at 4.3 billion barrels, with 10 trillion cubic feet of associated and nonassociated gas.

"We have been more successful in finding new fields and proving our reserves than we had expected," says a spokesman for the ministry.

During the 1980s, crude reserves doubled. This was a result of more intensive exploration and

evaluation due to additional incentives offered to oil companies. There have been major new finds of light crude, which brings the best price, at Hawash in the north.

Smaller discoveries have been made at Mufrah, 30 miles south of Qum Al Alam, and at Al Benah, near Marmul.

The most promising exploitation is being carried out at the Lekhwar field by Petroleum Development (Oman) Ltd. (PDO), where a substantial secondary recovery program is under way. When a \$120 million waterflood scheme is completed, production could soar to 200,000 b/d from this one field alone.

PDO is sinking 200 new wells a year as the search for new fields intensifies. While improved recovery methods continue to increase production, the greatest hope for the future is likely to come from offshore.

Oman has only a basic refinery, constructed at Mina Al Fahal in 1982. It is a hydro-skimming operation built to serve domestic needs. Its existing production is about 50,000 b/d, but it has a capacity for 80,000. Some upgrading in the near future to enable the processing of improved quality products is possible.

Lee Voysey

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Dramatic Landscapes and Modern Hotels

From Buraimi to Salalah, the visitor to Oman can always expect a traditional Omani welcome. With the easing of visa restrictions for tourists in January 1990, the Sultanate is hoping to win its share of the winter sunshine market.

The Directorate of Tourism, part of the Ministry of Information and Culture, is aiming for a total of around 10,000 visitors a year. Some 6,000 travelers enjoyed the offerings of Muscat and the interior in the 1989-90 season. Indeed, Oman has the richest heritage of any

A rich heritage of ancient sites

Gulf state, the finest mountain scenery, a rural hinterland and bleached white-sand beaches in both the north and in Dhofar in the south, where they are fringed with coconut palms.

The traveler Wilfred Thesiger crossed Arabia by camel in the 1950s, starting in Oman. Today's visitor is more likely to arrive by Gulf Air at Seeb International Airport before being whisked

by limousine to any one of the capital's luxury hotels.

The Muscat Inter-Continental is a gem of a property set in 35 acres (14 hectares) of landscaped gardens, with a fabulous beachfront location overlooking the Arabian Sea. Water sports are a pleasure in this clear blue ocean. Floodlit tennis courts with resident professionals, air-conditioned squash courts and a fitness center await the energetic.

The choice of bars and restaurants includes the Qum Restaurant, which serves international cuisine and French dishes, and the Al Ghazal Pub, Muscat's most popular meeting place. There is also a nightclub, coffee shop and open-air Texan Steakhouse Restaurant.

Even more impressive is the Inter-Continental-managed Al Bustan Pal-

ace Hotel, which is set against a dramatic mountain backdrop on 200 acres of private beach, close to Muscat and the commercial center of Ruwi. Because the Al Bustan has its own beach, it is ideal for windsurfing and waterskiing and has a full range of other sporting activities.

The hotel's Oman Auditorium can seat 600 people. The London Symphony Orchestra played for Sultan Qaboos, a lover of music from Gilbert and Sullivan to Wagner, during the 15th National Day celebration five years ago.

Food for the body as well as the soul is available, with the Al Marjan Restaurant offering gourmet eating and local specialties including Omani seafood: lobster, shrimp and fine sea fish. Modern fisheries are a new priority in the forthcoming 10-year plan, so even more culinary delights are in store.

Elsewhere, the Al Falaj Hotel is centrally located for shopping expeditions into Muscat and boasts the best women's health club in the Gulf. The Muscat Holiday Inn is well-known for its popular barbecue fiesta, sports facilities and informal atmosphere and can arrange a "Paradise Weekend" at the Salalah Holiday Inn in Dhofar, including return flight from Muscat, for a package price.

The Salalah area is steeped in history, with

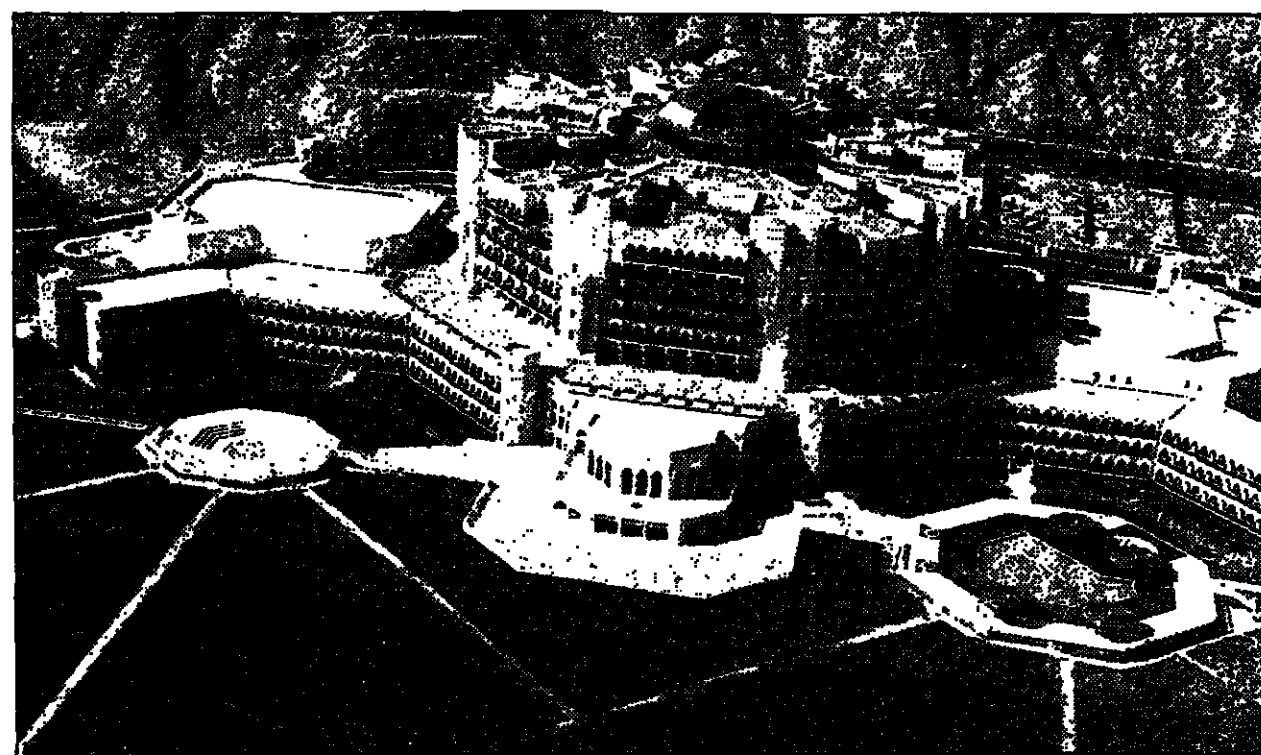
Job's tomb; the Bin Ali Mosque, a fine example of medieval onion dome architecture; Sumhuram, the ancient port of the thriving frankincense trade; and Mirbat, with its picturesque old merchants' houses.

Another must for tourists is the Sur Resort Hotel, managed by the Muscat Holiday Inn, which is 340 kilometers southeast of Muscat. It can arrange dhow trips to the famous Ras al-Hadd turtle beach, wadi-hashing expeditions, fishing boat hire and camel rides.

The stunning coastline of Muscat is studded with beautiful coves, beaches and inlets. Endless varieties of coral and tropical fish are found offshore. The Oman Sheraton organizes diving trips for novices and old hands alike. All equipment is supplied for 10 rials a trip; if only tanks and weight belts are rented, the charge is 7 rials.

When the pleasures of the sea pall, try heading for Nizwa in the interior. The 175-kilometer drive takes an hour and 45 minutes. Visit the Nizwa fort, the old souk, famed for silver ornaments and copper utensils, and the date groves. A comfortable overnight stay can be had at the Nizwa Motel.

Bahla, the capital of Oman in the 15th century, with its 12-kilometer wall around the city, is a short drive from Nizwa. Close by is the fort of Jabrin, the first to be restored to its original



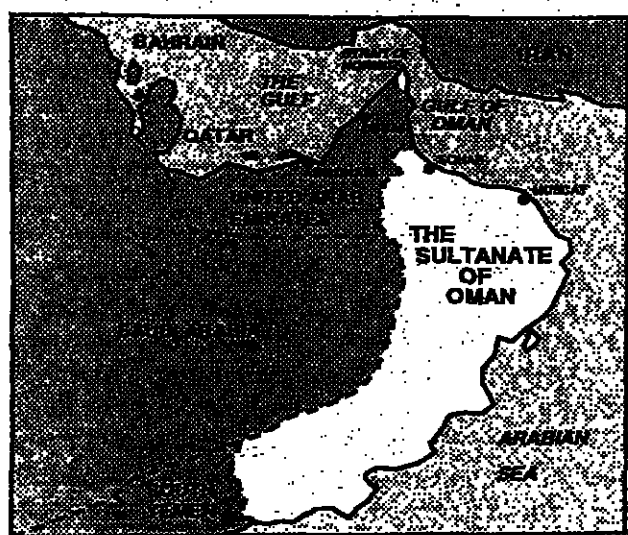
Above, the Al Bustan Palace Hotel near Muscat, set amid white-sand beaches and unpolluted seas. Left, the Falaj system at Barkat al Mooz, an ancient method of irrigation that still provides efficient water supplies for agriculture.



splendor and famous for its carved rosewood ceilings.

In the oasis of Buraimi, a new five-star hotel is in the initial stages of construction, a sign that new investment is being made. The Buraimi Hotel will provide another outpost of excellence.

John Whelan



Industry Develops With the Help of Increasing Privatization

This year, Oman's target of a 7-percent rise in non-oil exports, compared with 3 percent in 1989, may be adversely affected by the Gulf crisis. In the longer term, however, the country can look forward to substantial investment, both local and foreign, in its important mining and domestic manufacturing sectors.

Investment in industry has already received considerable encouragement following the govern-

Growth areas: food, textiles and mining

ment's announcement in May that it was planning to set up a holding company as part of a program of privatization of state assets. Mohammad bin Moosa al Yousef, secretary of the development council, said at the time that the program would be spread over five years. The holding company is expected to raise as much as 200 million rials (\$520 million).

Initial reports suggest that one of the first sell-offs will be the government's 15-percent stake in the Oman National Insurance Company. Eventually, shares in state-owned hotels and in the Oman Cement Company could follow, according to reports from Muscat.

The government is also preparing to liberalize its policies on foreign investment as part of a 15-year master plan for industrial development, which will also include additional incentives for exporters.

Earlier this year, a royal decree was published providing for a new commercial law to replace one enacted in 1974. It will liberalize and modernize existing regulations on foreign investment, commercial agencies, brokerages, insurance, trademarks and share trading.

To date, some of the most promising areas for investment include the rapidly growing textile industries, food processing and mining. Although Oman has traditionally provided lower subsidies for industrial investment than its partners in the Gulf Cooperation Council, its ability to penetrate international markets, particularly the United States, has encouraged the proliferation of com-

Oman is reaping benefits from the increase in world oil prices and its advantageous export location outside the strategic Gulf waterway. But the government has long been seeking to encourage the development of its non-oil resources, both to lessen its dependency on hydrocarbon exports and to provide jobs for a young and growing population. A variety of sectors is prospering.

panies producing for export.

The Oman Textiles Mill is one of the most successful, having reaped orders this year from the United Arab Emirates and Iran. As a result, its exports this year are expected to reach some \$2 million. The Oman Development Bank is now increasing its loans for the development of smaller textile firms, also producing for export, while other incentives are being provided for food-processing firms seeking new markets in India and East Africa.

By far one of the most successful industrial ventures, however, is the Oman Mining Company, a state-owned firm that operates the Gulf's only copper smelter at Sohar.

230 kilometers (143 miles) north of Muscat.

In 1989, Oman exported around 15,300 metric tons of refined copper cathodes, worth some \$40 million. Local production of copper wire, cables, rods and tubes, mainly through the joint venture Oman Cables Industry, is also being expanded.

Plans to set up a privately owned company to mine copper, chrome and other minerals were approved by the ministry of petroleum and minerals in April. In August, ministry officials reported that plans to attract foreign mining companies to exploit substantial deposits of these and other ores in the mountainous northern regions were proceeding well, with negotiations with Australia and Canadian firms well advanced. France's Bureau de Recherches Géologiques et Minières is also playing a role, having won a contract in August to explore for lead and zinc for the ministry in the Sahi Hatat and Jebel Akhdar regions.

But not all projects are on a grand scale. The desire for self-sufficiency and Omanization in the

manufacturing and commercial sector is across the board, affecting medium- and smaller-sized enterprises. For instance, the Bhacker Suleiman Jaffer Co., one of the leading trading companies, not only represents international brand names like Lipton, Carnation and Falcon, but also plays an important role in marketing local

products. These include goods from Oman Flour Mills, the National Detergent Co. and National Biscuit Industries.

Equally dynamic in an entirely different field is the Muscat Pharmacy, founded 22 years ago. It markets a wide range of health and medical products from international suppliers. One of the company's major strengths is its distribution network, which penetrates every corner of the country, however remote. It also supplies a number of general consumer products, including baby-care items, toys and veterinary medicines. P.A.S.

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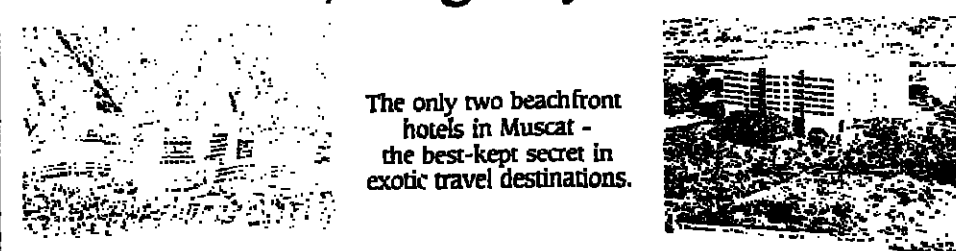


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Save the Trade Talks

There is new hope that the Uruguay Round of international trade talks, currently stalled by protectionist bickering, will finally pick up speed toward resolution. The White House announced this past week that President George Bush and his European counterparts had agreed to take charge of the negotiations. The elements of a deal are clear. All that is missing is leadership.

The talks are scheduled to end early next month. There is no agreement in view, primarily because of shortsighted decisions by the industrialized countries.

At the core of the impasse is the attempt by Western leaders to protect the economic privileges of politically powerful domestic industries at the expense of the vast majority of their own citizens. The European Community persists in protecting a few million family farmers, the United States proposes to exempt telecommunications, aviation and shipping, and Japan will not agree to import a grain of rice. And the industrialized powers have yet to make major concessions on protectionist textile policies.

The key statement is over European farm policy. To protect its farmers, the Community keeps food prices high, generating tremendous surpluses that it then dumps on foreign markets at subsidized prices. The policy costs European taxpayers \$100 billion a year, and devastates competing farmers in food-exporting countries. Third World food exporters are demanding that Europe open up its markets to imports of food and textiles

before they agree to rules governing trade in services and intellectual property.

The Europeans recently offered to cut farm supports by about 15 percent from current levels. That would not provide much help, especially combined with other provisions that would allow Europe to preserve its export subsidies and even raise tariffs on selected products. The United States has also been obstinate. It insists on exempting some key industries from trade talks even though there is nothing to lose by keeping them on the negotiating table.

The negotiators are discussing a set of basic principles—such as the obligation for each country to treat domestic and foreign service companies alike—that the United States fully supports. Deciding how to apply these principles to individual sectors will not be negotiated until later, and the United States will be able to veto any rule it does not like.

Liberalized trade could add trillions to economies around the globe over the next 10 years, more than \$1 trillion in the United States alone. But it will not happen unless Mr. Bush and European leaders make it happen. Europe must agree to lower export subsidies and forsake raising any other trade barriers. The United States must withdraw its proposal to exempt specific service sectors. And the industrialized nations must agree to phase out protectionist textile agreements.

—THE NEW YORK TIMES

Yes, Debate the Gulf

President George Bush asks senators to restrain criticism in order to present a monolithic front to Iraq. That insults two patriotic legislators who are trying to exercise their constitutional duty. Worse still, it insults American democracy. One of America's strengths is its will to debate life-and-death issues.

At a meeting with congressional leaders on Wednesday, Mr. Bush brandished a sheaf of translated Iraqi newspaper articles. The articles recounted criticism by Senators Richard Lugar and Daniel Patrick Moynihan that Mr. Bush was bypassing Congress as he moved toward war. The president complained that such statements suggested a failure of American will, and he urged his critics to speak more circumspectly.

There is no issue on which members of Congress have a greater constitutional duty to deliberate and vote than whether the United States should go to war. In order to do so responsibly, they must carefully consider, and question, those presidential actions that carry a risk of war. Both Mr. Lugar, a Republican, and Mr. Moynihan, a Democrat, admire Mr. Bush. Indeed, Mr. Moynihan has

been one of his most consistent allies in the Democratic Party. But both have advised the president to bring Congress more closely into policy-making on the Gulf.

Their perspectives differ. Senator Lugar wants the president to rally congressional support for his latest military moves. Senator Moynihan questions the speed of the buildup and urges more careful deliberation. Yet both act in the most patriotic tradition of constitutional democracy.

U.S. foreign policy is at its strongest when it reflects considered public positions, not merely the president's tactical judgments. Senators Moynihan and Lugar, having lived through the Vietnam experience, well know the catastrophic consequences of short-circuiting the careful checks and balances of American government. So, indeed, should Mr. Bush. He seems to think that for Saddam Hussein to hear a clanging sword in the United States is a sign of weakness. In this democracy, true weakness is to paper over real differences. True strength is to raise questions, answer them and then proceed, honestly and honorably united.

—THE NEW YORK TIMES

Europe Under Siege?

One-sixth of the world's 5 billion people live in the rich countries—those that are at least as well off, say, as Spain or Ireland. A great many of the other five-sixths would like to move, and that creates immigration issues of great social and moral complexity for their more prosperous neighbors. The politics of border controls is hard enough to manage with decency and justice along the southern borders of the United States, but the same questions are even harder to answer in Europe, where the right to travel is among the most cherished of the freedoms that the past year has brought to the Eastern countries.

Europe now seems to be embarking on the third great migration since World War II. The first was east to west as some 12 million people, most but not all of them Germans, either fled or were forced out by the new Communist regimes. The second, in the boom of the 1960s, was south to north as an almost equal number of people, mainly from Turkey, Yugoslavia and North Africa, were drawn into Western Europe's cities and factories to meet an urgent need for labor. The third migration is east to west, still small in numbers but with a potential for growth that is generating great anxiety in the governments that will have to cope with it.

When Germany and Poland signed the treaty on Wednesday establishing their border permanently, the Germans promised to abolish all visa requirements for Poles by the end of the year. Even with visa requirements, Poles have managed to travel in the West for some time, frequently staying a few weeks or months to work illegally. Like illegal immigrants into the United States, they have been subjected to much abuse and exploitation.

The Poles, for all their current troubles, are far from the least fortunate of Eastern Europeans. The Polish government is now making preparations for a possible flood of refugees from the Soviet Union if hardship and ethnic hostilities should increase this winter. Poland hasn't much in the way of resources to handle a heavy inflow, but it says that it must keep its border open as a matter of principle.

The West is aware of the requirements for long-term investment and economic aid to rebuild the East European economies, and there is talk of a possible need to help the Soviets through the winter. Perhaps before spring comes the rich countries will also find themselves facing the social emergency that would be created by hundreds of thousands of refugees from the poverty of the East.

—THE WASHINGTON POST

Other Comment

Britain's European Question

Britain obviously needs a new government with new ideas. After more than 10 years of Thatcherism, British society faces problems for which the prime minister apparently has no answer. Sir Geoffrey Howe has made it very clear how dangerous a new Thatcherism is. That is precisely where Britain is drifting. If Margaret Thatcher is permitted to continue fighting Europe with chauvinistic arguments.

—De Volkskrant (Amsterdam).

The temptation is strong to see Margaret Thatcher as a big, proud movie star who is about to fade. I have never had confidence in Margaret Thatcher as a political leader, and have never been exalted by her free trade extremism. But there is no trace of irony, nor of sarcasm, in seeing her as a warning star. On the contrary, one cannot help feeling a certain admiration for this first lady who refuses in a theatrical way, with tragic, at times even desperate intonations, the last "imperial withdrawal" that will inevitably and wisely bring Britain into Europe. She represents,

in her characteristic way, a policy of resistance that is undoubtedly anachronistic.

—Bernardo Valli, commenting in la Repubblica (Rome).

From outside the Westminster hot-house, the choice of leaders looks uninspiring, so any outcome will leave Britain's future looking more uncomfortable than it need be. In the circumstances, the 372 Tory members of Parliament with a vote will do least bad for their country if they plump for Mrs. Thatcher.

Whoever is prime minister after this contest is over will be leading a party that is still deeply divided over Europe, and governing a country that is confused. Neither a Tory leadership nor a general election will heal the divisions and end the confusion. The voters of Britain could do it, but only through a referendum on the issue of European currency union. Give them a chance, and Britain's future in Europe will (for good or ill) have a firm democratic base. Deny them, and the European question will return again and again to split the country, and then to sour and shrink it.

—The Economist (London).

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OPINION

Washington's Leading Gulf Players Are Sensible Men

By David S. Broder

WASHINGTON—As the U.S. government approaches a fateful decision on its course of action in the Gulf, the character, judgment and experience of the key players offer the best assurance that the decision will be made well.

I have not been reluctant to criticize George Bush and his associates for the erratic and ineffectual way they have dealt with far too many domestic policy issues in the past two years. More such criticisms will be heard in the future, I expect. But it is almost impossible to imagine a more sober, serious, calm, cautious, rational and prudent set of people meeting on the question of war or peace in the Gulf than those that this president has assembled. Individually and collectively, they measure up to the highest standards.

Starting with Mr. Bush, they bring a wealth of personal experience in international diplomacy and national security affairs and great depth of personal knowledge of the other world leaders with whom they are dealing.

The secretary of state, James Baker, the secretary of defense, Dick Cheney, the national security adviser, Brent Scowcroft, and the chairman of the Joint Chiefs of Staff, General Colin Powell, are, without exception, men who have earned the confidence of their peers in Washington and in the governments of the many countries with which they are working in this crisis.

The group may lack anyone with the wide-

ranging intellectual and strategic sense of a Henry Kissinger, but it is blessedly free of the vaulting ambitions, the raging egos and the private score-settling agendas that have cluttered and demeaned national security debates in most administrations from Harry Truman's through Ronald Reagan's.

No false bravado or foolish pride will influence them to rash action. No lack of confidence or experience will keep them from doing what their best judgment tells them needs to be done.

No less important to the country's confidence is the fact that these same qualities of judgment, character and experience are to be found in the leaders of the legislative branch of government who will be crucial in the decisions that lie ahead.

The most obvious examples are the leaders of the Democratic opposition in Congress, which in this case truly is trying to behave as the loyal opposition. The speaker of the House, Thomas P. Foley, is a political protégé and former staff member of the late Senator Henry Jackson of Washington. For three decades as an increasingly influential legislator, Mr. Jackson preached and practiced the view that when national security is involved, partisanship not only takes second place, it has no place in the debate. That is

why his support and advice were sought and cherished by presidents of both parties.

The Senate majority leader, George Mitchell of Maine, is a political protégé and former staff member of Edmund Muskie, who served as secretary of state and for many years before that as an influential member of the Senate Foreign Relations Committee. No less than Mr. Foley, Mr. Mitchell has been schooled for years to take the broadest conception of the national interest into his discussions with the president on world issues.

If there is to be a broad debate when Congress returns—a healthy and desirable process, I strongly believe—the influential voices will belong to people of equally seasoned judgment: senators like Sam Nunn, Richard Lugar and John Warner, and representatives like Les Aspin and Lee Hamilton.

I would challenge anyone to list another dozen people they would prefer to see engaged in this decision making than those who now hold these positions of leadership in the executive and legislative branches. And I would urge those who are selling the "term limit" panacea to consider if the principle of limited tenure in government office is really one they want to impose on a nation carrying the burdens of world leadership which now rest on the United States.

The youngest person I have mentioned, Dick Cheney, has 21 years of elective and appointive federal service. There are many people in the junior ranks whose rise to leadership will be welcome. But I, for one, am grateful that it is the grown-ups who are making the tough calls in this situation.

The Washington Post

If Saddam Had Seen What I Have Seen . . .

THE SPECTACLE of the concentration of force overwhelms the unprepared visitor. Every airfield in Saudi Arabia is packed with military aircraft, parked wing-to-wing sometimes as far as the eye can see. Military trucks, earth movers, tank transporters—dominates the highways of the northeast. The ports of the upper Gulf resemble those of southern England before D-Day. Will there be a war? That depends on

Saddam Hussein. The political resolve of the alliance, despite media focus on anti-war sentiment in the United States and hesitations in the Arab world, appears to strengthen. The military resolve of the British soldiers on the ground, and of the American troops, is total. If Saddam had seen what I have seen, he would leave Kuwait today.

—John Kegan (The Daily Telegraph, London), after a tour of the Saudi front.

Politics in India: Rajiv's Congress Waits to Pick Up the Pieces

By S. Nihal Singh

NEW DELHI—The collapse of

Vishwanath Pratap Singh's government 11 months after he took office means two things. The second failure of a coalition or minority government experiment since independence in 1947 signifies that in India nothing but a stable majority government can work. And Rajiv Gandhi's Congress Party can hope to return to power after the next general election.

The immediate cause of the downfall of Mr. Singh's minority government was the withdrawal of support by the right-wing Bharatiya Janata Party. In reality, the contradictions and quarrels in the dominant component of the National Front government, the Janata Dal, were too many to permit a stable government.

Although Congress failed to win a majority in the lower house, it was returned as the largest single party. But after the election, the Congress of the National Front, obtained support from the BJP and the Communists—the two poles of the political spectrum—to coalesce together a government and keep Congress out.

V. P. Singh had emerged as the symbol of opposition to Congress,

and he promised a clean and open government. His problem was that he had no political base of his own. The moment he set about building one, he created a crisis in Janata Dal and changed the BJP's attitude.

Mr. Singh cultivated Muslims (roughly 11 percent of the population) and went on to announce the reservation of certain government jobs for specified lower castes. This caused a furor in northern cities and towns, where scores of students immolated themselves. The BJP interpreted his moves as an attempt to cut into its Hindu vote bank.

The only ideological issue in Indian politics in recent years, not counting the lip service everyone pays to Fabian socialism, has been the BJP's concept of a Hindu state. India's first prime minister and Rajiv Gandhi's grandfather, Jawaharlal Nehru, built today's India on a secular model, which was unsuccessfully challenged in the early years of independence.

Thanks partly to the Khomani revolution in Iran and the Islamization of Pakistan under the military

dictator Mohammed Zia ul-Haq, there has been a Hindu backlash in northern India. The BJP has exploited this backlash to suggest that the minorities, Muslims in particular, have been coddled.

Electoral arithmetic works against the BJP because while Hindus constitute about 75 percent of India's population of 800 million plus, they tend to be divided into castes and sects. Muslims and other minorities, such as Sikhs and Christians, are numerous enough to play a key part in the outcome in many constituencies. It is to the BJP's advantage to arouse passion among Hindus so as to induce the bulk of them to vote for it despite their reservations.

After Mr. Singh sprang his surprise on reserved jobs for the lower castes, the BJP decided to exploit a festering controversy over the building of a Hindu temple on the site where a mosque stands in the northern state of Uttar Pradesh. The party's president, L. K. Advani, led a cavalcade of cars across thousands of miles toward Ayodhya, seat of the temple of Lord

Rama, the popular Hindu god. The cavalcade was finally stopped before Mr. Advani could reach Ayodhya. He was arrested, but not before he succeeded in surcharging the atmosphere. That led to a string of clashes between Hindus and Muslims. The mosque at Ayodhya was copiously protected, but BJP volunteers briefly reached its domes, inflicting superficial damage.

The BJP withdrew support from Mr. Singh, who, on the verge of his government's fall, donned the cloak of great secularist and statesman intent on lifting up the lower castes. Congress, on the other hand, succeeded in causing a split in Janata Dal, and offered support to a breakaway faction led by Chandra Shekhar to form a government.

Behind the maneuvering lay the simple fact that Congress, like most other parties, did not want to face the electorate just yet. The highly charged inter-community atmosphere in the country would pose a law and order problem, and Congress did not want to see its chances of returning to power spoiled by the religious passions aroused by the

BJP and by Mr. Singh's high-profile support for the lower castes. (Some estimates say that these castes comprise 52 percent of the population, but they are not monolithic.)

Congress plans to keep supporting Mr. Shekhar, the new prime minister, until spring, then go for elections. Inevitably, the chances of Congress receiving majority support will after the instability caused by a coalition or minority government.

Whether the Congress plan succeeds remains to be seen, but India is decidedly in a transition phase. The anachronism of a breakaway faction forming a government is all too apparent. The country faces horrendous problems, what with the sharper divisions on communities and castes, plus serious insurgencies in Punjab, Kashmir and Assam. The new prime minister also faces an economic situation worsened by the Gulf crisis.

As backseat drivers, Congress leaders hope that they will not be held responsible for Mr. Shekhar's failures and that the people will opt for stability next time round, as they have done so often in the past.

International Herald Tribune

CSCE Summit: Collective Security Is More Than Arms Control

By Max Jakobson

HELSINKI—After every great

war, institutions have been set up to prevent a new one. After Napoleon came the Holy Alliance; after the World War I, the League of Nations; after World War II, the United Nations. Now, after the Cold War, another attempt is to be made.

This time a ready-made institution is available, what in diplomatic jargon is called the "Helsinki process"—the series of follow-up meetings

the CSCE will have a fixed address. A small secretariat (secretariats are always small in the beginning) will be set up in Prague—a Christmas gift to Václav Havel, who has come to personify the peaceful revolution in Eastern and Central Europe.

Another new organ will be a Center for the Prevention of Conflicts, which will begin to function in Vienna.

But democracy is not likely to develop in the economic catastrophe that threatens Central and Eastern Europe.

initiated by the Conference on Security and Cooperation in Europe held in the Finnish capital in 1975.

At the Paris summit that starts on Monday, the political leaders of the 34 states participating in the CSCE will meet. Ministers of Albania, plus the United States and Canada—are expected to make decisions to give the process an institutional character.

What this will mean in practice is, in the first place, more meetings: High officials will meet twice a year, foreign ministers at least once a year, heads of state and government every other year. The meetings will continue to move from one capital to another, but at last

its task will be to supervise the carrying out of disarmament agreements and sound the alarm if it detects unusual military activities. Later it may be able to provide mediation and arbitration services.

Members of parliament from the CSCE countries will have their own forum, presumably in conjunction with the Council of Europe in Strasbourg, and mechanisms for supervision of elections will be devised.

As the Paris summit prepares to celebrate the end of the division of Europe, it may be ironic to recall that it was Vyacheslav Molotov, a Soviet foreign minister, who was the first to

suggest the creation of a European security system. In November 1954, Mr. Molotov invited the governments of all European states, as well as of the United States and China, to send delegates to a conference to discuss a proposal for a European security system within which Germany could be united as a neutral state.

The invitation was rejected by the Western powers, including Konrad Adenauer's government in West Germany. They dismissed it as a propaganda ploy designed to prevent inclusion of West Germany in the Western alliance. Western self-confidence at the time was low; it was feared that a neutral Germany inevitably would fall under Soviet domination.

Only the countries in the Soviet orbit accepted Mr. Molotov's invitation, and what finally emerged from his initiative was the military alliance known as the Warsaw Pact. But the original goal was not abandoned.

The Warsaw treaty stipulates that as soon as a system of collective security for Europe has been established, the treaty ceases to be operative. This forgotten paragraph can now be used as a convenient face-saving device. After the Paris summit, Moscow can claim that since its long-standing

goal has finally been achieved, the moribund Warsaw Pact has served its purpose and can be dissolved.

On the Western side, a different view prevails. The CSCE, Western governments insist, will not be a collective security system that makes NATO redundant. France's Minister of Foreign Affairs, Jacques Foccart, put it with characteristic bluntness: "NATO is our defense structure. The CSCE is the perpetual political discussion."

This lack of symmetry reflects an unchanged geopolitical reality: Even without the Warsaw Pact, the Soviet Union remains a European nuclear power. Lacking NATO, Western Europe would be left without an American military presence and the protection of the U.S. nuclear umbrella.

The CSCE has no teeth, skeptics point out. Besides, it operates on consensus. Even Malta can use its veto to prevent common action.

This is a shallow argument. In an organization of sovereign states, decisions affecting the vital security interests of nations cannot be made by majority vote.

Nor can the United Nations system, in which the five permanent members of the Security Council (the "five policemen," Franklin Roosevelt called them) have the right of veto, serve as a model for today's Europe. Which powers should Europeans appoint to act as policemen authorized to maintain law and order—Russia? Germany?

To ask the question is to answer it. As long as security is considered in the traditional sense as a military concept—as security against armed aggression—the CSCE clearly must be complemented by other arrangements designed to maintain a balance of military power. But the least likely threat Europe faces in the foreseeable future is an armed attack by the forces of one state against another. Security and stability are more likely to be undermined by conflicts between nations and by the tensions created by economic integration and the power of modern communications.

Obviously, in several states the gap between the principles jointly accepted in CSCE declarations and actual political practice remains wide. The task of the CSCE is to help countries to narrow it. This is a modern form of collective security.

Kant wrote 200 years ago that "eternal peace" could be established only when all states have adopted a system of government in which decisions on war and peace are made by the people themselves rather than by a single ruler. But democracy is not likely to develop in the midst of the economic catastrophe that now threatens Central and Eastern Europe. Having overcome the division of the Continent into two antagonistic ideological and military blocs, Europe now is in danger of division by a new, economic curtain. This is the real issue facing the Paris summit.

logical catastrophes, or disputes about the treatment of minorities and other human rights matters.

In dealing with problems of this kind, the traditional mechanisms of collective security are no longer relevant. New forms and methods of conflict prevention will be needed. They will have to go beyond the issues of military security into the complex web of political, economic and social relations between states.

The CSCE is itself a novel approach to international cooperation. All participating governments have declared their adherence to multiparty democracy, free elections and the market economy. All have accepted common norms on human rights. Procedures have been adopted that enable governments legitimately to intervene in each others' internal affairs. This means that political relations between states are finally catching up with the new realities created by economic integration and the power of modern communications.

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Mr. Jakobson, a former Finnish ambassador to the United Nations, writes on international affairs from Helsinki. He contributed this comment to the International Herald Tribune.

100, 75 AND 50 YEARS AGO

1890: Poor to Colonies

PARIS—Considerable attention has been attracted in England to a project with a view to the improvement of the condition of the poor and destitute. The destitute are to be made self-supporting. Receiving houses will be opened for the homeless and the unemployed, and temporary work found for them. Farm colonies will be established. From these, after proper training, the waifs and strays of the London streets will be drafted off to the colonies to find immediate employment in cultivating lands provided for them.

1915: War Council

PARIS—The first Franco-British War Council met at the Ministry of Foreign Affairs in Paris yesterday morning (Nov. 17). Such conferences between the leaders of the British and French Governments were foreseen recently by M. Briand, the French Premier, and announced by Mr. Asquith when the British Prime

Minister made known the names of the members of the newly-formed War Committee. Mr. Asquith, Mr. Balfour and Mr. Lloyd George are three of the five members. Sir Edward Grey is to be consulted on matters relating to diplomacy.

1940: Thins Threatened

TOKYO—The Japanese press voiced this morning (Nov. 18) indignation and open threats to Thailand, as reports were cabled that the Thai government was about to conclude a military alliance with Great Britain and the United States. The newspaper "Asahi" implied that Thailand was in the sphere of the East Asian bloc over which Japan is attempting to extend control. It warned Thailand against standing in the way of Japan's "co-prosperity sphere" policy, which, it declared, has become strong as the result of the triple alliance among Japan, Germany and Italy.

—From the New York edition of the New York Herald Tribune.

ECONOMIC SCENE

Gulf Crisis Exacts a Toll From Weak U.S. Airlines

By Peter Passell
New York Times Service

NEW YORK — A Who's Who of airline executives offered a warning last week to U.S. Transportation Secretary Samuel K. Skinner: The first casualties in America's war on Iraq may be right here at home. Several U.S. carriers, already enfeebled by heavy debt and slumping passenger demand, could be forced into liquidation or merger by another six months of oil inflation.

The airlines want the White House to talk down the price of jet fuel, which has risen far more than other refinery products in the last few months. But Dan Kasper, an economist at Harbridge House, a consulting firm in Cambridge, Massachusetts, argues that it will take more than a little presidential jawboning to restore the industry to competitive health.

What is needed, Mr. Kasper says, is an infusion of capital from Japanese and European carriers eager to expand. Some foreign airlines, he thinks, want access to the domestic American market so badly that they (and their governments) would be willing to give what American carriers covet: the right to compete within Europe and Asia.

It is no secret that Eastern and Pan Am are on the ropes; nor is there any doubt that Continental, TWA and Midway are in deep trouble. Northwest and USAir are in no danger of collapse. But they are unlikely to emerge from the recession with the ambition (or the cash) to conquer new markets.

Business-as-usual is almost certain to leave American, United and Delta in firm control of the domestic market, with little prospect of a challenge from a new entrant or a regional carrier. Consumers would, of course, pay the price as surviving airlines learned to temper their inclination to compete on price.

And even the mighty trio might discover their cartel-like silver cloud had a gray lining: Such market concentration would invite calls for re-regulation of the industry.

The quickest fix would be a relaxation of the absolute congressional prohibition on foreign control of American carriers — a "failing airline" merger provision, perhaps, parallel to the waiver of antitrust scrutiny in mergers of failing corporations.

Pan Am, which is running out of assets to sell to cover its monthly bills, would probably be able to make a foreign match; British Air, KLM and Japan Air Lines have been mentioned as eligible suitors.

CASH-HEMORRHAGING Continental, which is already partly owned by Scandinavian Airlines System, would probably also be able to find a partner to guarantee its survival.

But the better way to insure competition, Mr. Kasper suggests, would be a grand deal that opened the airline markets of America, Europe and Asia to international investment and competition. That would allow American and United, already powerhouses on regulated international routes, to become true multinational carriers.

And it would give both USAir and Northwest a chance to merge with foreign partners, which could finance fuel-efficient planes and the international links to feed passengers. A deal opening the European market would be an easy sell to the dominant American carriers, industry sources say.

For workers at failing U.S. airlines, integration would be an unenviable blessing. It might be possible, moreover, to fashion deals that serve the interests of current employees at stronger carriers — deals that protect both their tenure and their wages.

The collapse of a major carrier might break the "I'm all right Jack" attitudes that have made global integration an impossible dream. But do not bet on it: Neither the Chapter 11 bankruptcy of Eastern nor the slow-motion dismemberment of Pan Am have led to calls for an international rescue. Meanwhile, the prospects for preserving consumers' gains from deregulation grow dimmer.

OECD Sees Slow Growth

U.S. GNP Rise Of 1% Forecast

Reuters

PARIS — The Organization for Economic Cooperation and Development is forecasting 1 percent growth in U.S. gross national product in 1990 and 1991 and sees an improvement afterwards, said the vice-chairman of its Economic Policy Committee, Bernhard Motz.

Mr. Motz, who is also the director general of economic policy at the German Ministry of Economics, gave the forecast at a news conference after a two-day meeting of the Economic Policy Committee.

"It's a period of very slow growth, not a recession," he said of the U.S. economy.

"We certainly wouldn't use the word 'recession,'" he said. "We are an OECD economist, David Henderson."

Across the OECD area as a whole, covering 24 of the leading developed countries, the organization is forecasting gross national product growth of 2.75 percent in 1990, 2 percent in 1991 and 2.5 percent in 1992.

"But in a period of strong differentiation, such average figures have much less significance," Mr. Motz said.

He said growth in European OECD countries would average 3 percent in 1990 and 2.5 in 1991.

Turning to inflation, in the wake of the oil price rise seen since the OECD's last official outlook was published in June, Mr. Motz said: "We have to remain vigilant, in particular to avoid a wage-price spiral."

He said U.S. consumer price inflation in 1990 would average 4.5 percent, and 5 percent in 1991.

The projection for Britain's inflation was 6 percent in 1991, with a slowdown after that.

Across the entire OECD, the rise in consumer prices would average 4.7 percent in 1990 and 5.7 percent in 1991.

The OECD's forecasts are based on an oil price of \$27 per barrel and on the exchange rates prevailing on Sept. 3.

But Mr. Motz said that savings rates remained too low in many countries, especially the United States.

Bush Concedes Recession May Lie Ahead U.S. Rates Relaxed By Fed

By David E. Rosenbaum
New York Times Service

WASHINGTON — President George Bush has conceded for the first time that the United States might face a recession, but he said his economic advisers did not believe a long and severe one was in the offing.

In an interview broadcast on Cable News Network, Mr. Bush said, "Most seem to feel that if we have a recession, it will not be deep and that we'll come out of it relatively soon, six months at most, and I'd like to think that is true."

Most economists are saying the U.S. economy, if not in a recession now, is on the verge of one.

Mr. Bush seemed determined to present an optimistic view.

"I'd like to be a little reassuring on this economy," he said in the interview broadcast Thursday night. "I am concerned about the slowdown, I worry about anybody that wants a job and doesn't have one."

"But I am not a gloom and doom person on where the American economy will be before long. And yet I don't want to mislead you, because I am concerned that we're in a downturn here."

If Mr. Bush and his advisers have made any important decisions on economic policy, they are not letting on, either in meetings or in interviews.

The television interview came after Mr. Bush heard a gloomy assessment of the economy Thursday morning from a group of business executives. It was the most recent of a series of

meetings that the White House said was meant to help him plan economic policy for the next year.

One executive, Mr. Bush said on the broadcast, told him, "It doesn't hurt to shake things out."

"Sometimes," Mr. Bush said, "you have to pay for excesses, and we had a kind of go-go lending policy in some of our financial institutions."

But when Mr. Bush was asked whether he blamed the excesses on the Reagan administration, he said he did not.

If the president wanted a forthright appraisal of the state of the economy, he apparently got it from the executives.

John G. Medlin Jr., chairman of First Wachovia Corp., a bank holding company in North Carolina, said in an interview he had told Mr. Bush the economy seemed to be "tilting toward a modest downturn."

"Compared with the other nine executives at the meeting, Mr. Medlin said, 'I was probably on the optimistic side.'"

This was the third meeting on the economy Mr. Bush has called in less than a week, during an interlude between the November elections and his weeklong trip beginning Friday evening to Europe, Saudi Arabia and Egypt. A fourth meeting with 10 more executives was scheduled.

On the condition that they not be identified, some administration economists said they believed the country might already be in a recession but they did not expect it to be a deep or

especially long one. These economists said they did not know if Mr. Bush shared their view.

At a news conference on Nov. 8, Mr. Bush said he was "concerned about an economic slowdown." He went on to say, "I want to be sure that, to the degree a president can do something to soften the blow or to stimulate economic growth, that he tries to do it."

The meeting on Thursday was not on Mr. Bush's official schedule, and the White House refused to release a list of those who attended. One person who was there in addition to Mr. Medlin, George H. Weyerhaeuser, chairman of Weyerhaeuser Corp., could not be reached afterward.

Administration officials at the session included Treasury Secretary Nicholas F. Brady, Budget Director Richard G. Darman and the White House chief of staff, John H. Sununu.

Mr. Medlin said that neither Mr. Bush nor his advisers had spoken at any length at the meeting.

On Wednesday, Mr. Bush met with senior U.S. banking regulators. Officials said that meeting was called because Mr. Bush wanted to hear both sides of a disagreement that has developed within the administration on the extent to which banking regulations have led to tight credit.

Mr. Sununu and Commerce Secretary Robert A. Mosbacher were said to have taken the position that the regulators have become overly zealous and are hurting the economy in general and small businesses in particular by making banks reluctant to make loans.

Further Weakness Seen in Economy

By Lawrence Malkin
International Herald Tribune

NEW YORK — The Federal Reserve Board eased credit again on Friday, as slower inflation and a smaller trade deficit signaled a weakening U.S. economy.

Although the consumer price index rose 0.6 percent in October, its components confirmed that the rise in oil prices so far was not spreading inflation through the economy. Excluding food and energy, the so-called core rate of inflation rose 0.3 percent last month, slightly lower than expectations.

The other sign of weakness was the trade deficit, which declined 3.3 percent, to \$9.4 billion, in September.

Wall Street reacted predictably. Treasury bonds jumped to their best levels since the Iraqi invasion of Kuwait flooded the market on Aug. 2. The dollar weakened to yet another low against the Deutsche mark, and blue-chip stocks closed higher after a seamy day.

The easing operation indicated that even when the Fed wants to stimulate the U.S. economy, the fragile banking system makes the operation difficult to achieve.

Moving at first in steps so tiny that even some market experts could not perceive them, the central bank waded the flag around midday Friday by adding cash to the banking system when federal funds were trading at their old rate of 7.75 percent. It used weekend agreements to repurchase securities, which allowed the Fed to keep the money market on a tight leash if rates overshoot its presumed target of 7.5 percent.

But there were indications that the Fed had been trying to get the message of lower rates to the market through aggressive injections of cash after a meeting Tuesday of the Federal Open Market Committee, but was prevented by weakened banks hungry for the funds the Fed was feeding out.

New York banks recently have had trouble raising money in the commercial paper market because

See ECONOMY, Page 12

Papers Buy Stakes in The Independent

By Leigh Bruce
International Herald Tribune

LONDON — Newspaper Publishing PLC, the holding company of the British newspaper The Independent, announced Friday that two Continental newspapers, El Pais of Spain and La Repubblica of Italy, had agreed to take 15 percent stakes in the group. The two papers will buy a total of £21.5 million (\$31 million) worth of new shares and about £4 million worth of existing shares.

Analysis said the move would relieve financial pressure on the group as a line of sharp downturn in the British advertising market.

They also pointed out that Newspaper Publishing faced a large financial drain this year as a result of the launch of The Independent on Sunday. It was launched early in the year in the midst of intense competition among the quality British papers for advertising and readers.

"This makes very good commercial sense," said Chris Monroe of

Hoare Govett. "It enables them to spread their shareholding and to raise capital to continue their development at a terrible time for advertising in the U.K."

Newspaper Publishing announced an unaudited pre-tax loss of £3.91 million for the year ended Sept. 30, before an exceptional item of £3.98 million due to the pre-launch costs of the Sunday newspaper. The group expects to return to profit this year.

The chief executive of Newspaper Publishing, Andreas Whitam Smith, denied that the move had anything to do with the launch of the Independent on Sunday, which he said was doing better than expected considering the poor state of the advertising market.

Nonetheless, he said plans to reduce staff at the two papers from 680 to 605 within the next 12 months remained in place. He predicted that the Independent on Sunday would be profitable by autumn 1991.

Mr. Whitam Smith said there

was "no defensive element" in the move, pointing out that the group's articles of association restrict any individual shareholder to a 15 percent stake.

He said that would change, however, when the company went ahead with its planned public flotation in the future when the markets turn back up. The media tycoon Robert Maxwell holds 6 percent of Newspaper Publishing.

"I suspect the company is much happier with a wider shareholder base of like-minded publications," Mr. Monroe of Hoare Govett said.

"They've always wanted to distance themselves from identification from particular individuals or groups."

Under the plan, the two new shareholders will subscribe £21.5 million worth of new shares, at £5 per share, giving each 12.5 percent of the enlarged capital.

El Pais and La Repubblica have agreed to make a tender offer to existing shareholders for an additional 2.49 percent each, also at £5

per share. The stakes held by the directors of Newspaper Publishing, who are founders of the group, will not be affected by the tender.

After completion, El Pais, La Repubblica and the founder directors of Newspaper Publishing will each hold about 15 percent.

Mr. Whitam Smith, who is also editor of The Independent, pointed out that the company was substantially undercapitalized, with original shareholder equity of only £9 million against 1989 sales of £70 million.

He said the advertising slump had made a capital injection vital if the group was to pursue its development plans without resorting to large borrowings.

The three companies have also agreed to set up a joint venture company to develop media ventures throughout Europe.

Mr. Whitam Smith said the new company would restrict itself to "news and current affairs information processing and dissemination."

Consortium Drops H.K. Cable Plan

By Steve Glain
International Herald Tribune

HONG KONG — Hong Kong Cable Communications Ltd., an international consortium involving the local shipping tycoon Sir Yue-Kong Pao and the telecommunications company U.S. West Inc., announced Friday that it was withdrawing from a commitment to build what was billed as the world's largest cable-television network.

In a 37-word statement, the five-member consortium said it decided to withdraw from the project "for business reasons," ending more than a year of mixed signals and policy wranglings over the future of telecommunications in the British colony. Company officials could not be reached for elaboration, and spokesman said no additional statements were planned.

Led by Sir Yue-Kong's Wharf (Holdings) Ltd. and U.S. West, Hong Kong Cable also includes the local companies Sun Hung Kai Properties Ltd. and Shaw Brothers (Hong Kong) Ltd., a film producer. Belgian's Cofitel SA owns a minor share in the consortium.

The group was awarded the franchise to build a proposed network that was estimated to cost 4 billion Hong Kong dollars (\$513 million) and service up to 1.6 million households by 1995.

Friday's announcement follows the Hong Kong government's decision late last month to deregulate the colony's satellite industry, facilitating a year-long drive by Hutchison Telecommunications Ltd. to offer a pan-Asian satellite television service.

The government's ruling came after months of lobbying from Hong Kong Cable to protect it from what it said was unfair competition from Hutchison Telecom, a subsidiary of the local businessman Li Ka-shing's conglomerate Hutchison Whampoa Ltd. Hutchison has since applied for a broadcasting license, and said it expects to begin transmitting within 12 to 14 months via AsiaSat, a satellite owned jointly by Cable & Wireless PLC, China International Trust & Investment Corp. and Hutchison Whampoa.

Friday's announcement provided an ironic close to one of Hong Kong's most closely watched corporate sagas. Wharf, which is chaired by Sir Yue-Kong's son-in-law, Peter Woo, formed Hong Kong Cable shortly before the deadline for the cable tender in February last year.

The consortium won the contract after Hutchison dropped out when the government made a last-minute demand that the two bidders guarantee a maximum invest-

China Moves To Devalue Its Currency

Compiled By Our Staff From Dispatches
BEIJING — In its second devaluation in less than a year, China will devalue the yuan on Saturday to boost economic development, the government said Friday.

The new rate will be 5.187 yuan to the dollar, compared with the old rate of 4.7339.

The state-owned Xinhua news agency waited until after the close of the banking day on Friday to disclose the change, and officials could not immediately be reached for comment.

The last currency devaluation in China took place in December 1989. A devaluation makes a country's products cheaper on world markets and improves its trade balance. China has been enjoying a large trade surplus due to stringent import controls.

But China's currency, which is not convertible on world money markets, is widely believed to be overvalued. The new rate is still slightly below the one used on the black market.

(AP, Reuters)

ment of 5.5 billion Hong Kong dollars in the cable system.

Hutchison, which had bid 4.2 billion dollars compared with Hong Kong Cable's 4 billion dollar offer, withdrew from the tender after having spent three years and 100 million dollars researching the project.

Since then, Hong Kong Cable has been dogged by false starts, management reshuffles, and government policy shifts that initially appeared to favor the consortium, before tilting back towards an unfettered satellite industry.

Hong Kong Cable officials, who have limited their press relations largely to terse, prepared statements, have not revealed how much money they have already spent on the project.

But in an interview last month, a government telecommunications official said Hong Kong Cable had made a huge investment on a computer model of where and how the cable would be laid.

The company's existing investment "would have to be a factor" in its decision whether or not to go through with its commitment, the official said.

CURRENCY RATES

Cross Rates	Nov. 16
Australian dollar	1.48
British pound	1.65
French franc	6.55
German mark	1.36
Italian lira	1.36
Japanese yen	163.60
Netherlands guilder	1.83
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.48
U.S. dollar	0.70
West German mark	1.36
Yuan	5.187

Other Dollar Values	Nov. 16
Canada	0.70
France	6.55
Germany	1.36
Italy	1.36
Japan	163.60
Netherlands	1.83
Portugal	200.48
Spain	166.64
Switzerland	1.48
U.S.	0.70
West Germany	1.36
Yuan	5.187

Forward Rates	Nov. 16
Canada	0.70
France	6.55
Germany	1.36
Italy	1.36
Japan	163.60
Netherlands	1.83
Portugal	200.48
Spain	166.64
Switzerland	1.48
U.S.	0.70
West Germany	1.36
Yuan	5.187

Interest Rates	Nov. 16
1 month	7.00
3 months	7.00
6 months	7.00
1 year	7.00

Key Money Rates	Nov. 16
1 month	7.00
3 months	7.00
6 months	7.00
1 year	7.00

Asian Dollar Deposits	Nov. 16
1 month	7.00
3 months	7.00
6 months	7.00
1 year	7.00

U.S. Money Market Funds	Nov. 16
1 month	7.00
3 months	7.00
6 months	7.00
1 year	7.00

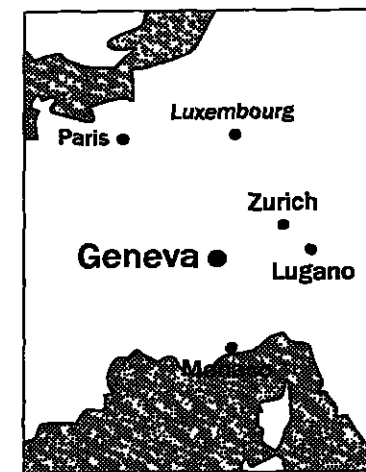
GOLD	Nov. 16
1 ounce	375.00
100 ounces	37,500.00

COMMODITIES	Nov. 16
1 ounce	375.00
100 ounces	37,500.00

Oil	Nov. 16
1 barrel	25.00
100 barrels	2,500.00

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You can reach us in:
Geneva 41.22.21.04.55
Zurich 41.1.261.40.70
Lugano (CCM Banca di Credito Commerciale e Mobiliare)
41.91.22.72.12
Monaco 33.93.30.97.00
Luxembourg 352.46.36.491
Paris (International Branch)
33.1.40.70.70.40



We recently acquired
Handelsfinanz CCF Bank:
Geneva 41.22.28.54.44
Zurich 41.1.202.66.20
Lugano 41.91.22.84.22
Nessau 809.32.88.644

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INTERNATIONAL PRIVATE BANKING

MARKET DIARY

Phone Issues Keep Lid on Dow's Rise

The Associated Press
NEW YORK — The stock market rose slightly Friday in an advance restrained by selling pressure on long-distance telephone issues.

The Dow Jones average of 30 industrial stocks rose 5.30 points to 2,550.25, stretching its gain for the week to 61.64 points.

Advancing issues slightly outnumbered declines in trading.

N.Y. Stocks

New York Stock Exchange-listed stocks.

Volume on the Big Board came to 165.44 million shares, up from 151.37 million in the previous session.

The stock of MCI Communications plunged 7% to 22 1/2 in heavy over-the-counter trading. Late Thursday the company announced a restructuring and said the costs of corporate changes, along with intense competition, loomed as a drag on earnings "for the next several quarters."

Dollar Declines as Fed Moves to Relax Credit

Reuters
NEW YORK — The dollar closed lower in moderate trading Friday, pressed by negative U.S. economic data and an easing of credit policy by the Federal Reserve Board.

"The market got the confirmation it needed to sell dollars, and

the selling should continue next week," said Bob Hatcher, a trader for Barclays Bank in New York.

The dollar reached an all-time low of 146.70 Deutsche marks before rebounding on short-covering.

The dollar ended at 147.05 DM, down from Thursday's finish of 147.55, and at 129.47 yen, down from 129.60 yen on Thursday.

Figures showing a low rate of U.S. inflation and declines in both imports and exports also pointed to further weakness.

The data inspired selling in the

The shock effects of MCI's drop spread to other long-distance telephone issues. American Telephone & Telegraph fell 1 1/2 to 32; United Telecommunications 2 1/2 to 22 1/2; and GTE Corp. 1/2 to 27 1/2.

In a statement responding to the stock activity, AT&T said its long-distance volume and revenues remained strong.

In the economic news, the Labor Department said the nation's core inflation rate, which excludes volatile food and energy prices, advanced a moderate 0.3 percent last month.

The report "was definitely encouraging," said Michael Metz, a vice president at Oppenheimer & Co. "It suggests that if you subtract oil, inflationary pressures are easing."

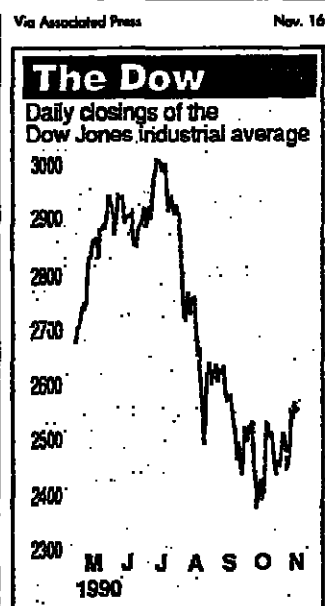
The NYSE's composite index of all its listed common stocks gained 0.18 to 173.30. Standard & Poor's industrial index held steady at 371.23, and S&P's 500-stock composite index was up .10 at 317.12.

However, short-covering pulled the dollar up from its lows, preventing a major drop.

The dollar also fell against the Swiss franc, to 1.2465 from 1.2513 on Thursday, and the French franc, to 4.9685 from 4.9850.

The British pound rose to \$1.9662 from \$1.9575. Earlier in the day in Europe, the dollar fell to new lows versus the Deutsche mark after the U.S. data were announced.

It closed at 1.4691 DM, down from 1.4785 DM on Thursday. It was a little firmer against the yen, closing at 129.43, after 129.05 Thursday.



NYSE Most Active

Vol.	High	Low	Last	Chg.
AT&T	32 1/2	32 1/4	32 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4
Amgen	22 1/2	22 1/4	22 1/2	+1/4

NYSE Diary

Adv.	Unch.	Decl.
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000

Amex Diary

Adv.	Unch.	Decl.
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000

NASDAQ Diary

Adv.	Unch.	Decl.
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000
1,000	1,000	1,000

Dow Jones Averages

Gold	High	Low	Last	Chg.
Indus	2550.25	2545.00	2550.25	+5.30
Trans	100.00	99.50	100.00	+0.50
Util	100.00	99.50	100.00	+0.50
Comp	100.00	99.50	100.00	+0.50

Standard & Poor's Indexes

High	Low	Close	Chg.
Indus	371.23	371.23	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

NYSE Indexes

High	Low	Close	Chg.
Indus	173.30	173.30	+0.18
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

NASDAQ Indexes

High	Low	Close	Chg.
Indus	317.12	317.12	+0.10
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

AMEX Stock Index

High	Low	Close	Chg.
Indus	297.52	297.52	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Dow Jones Bond Averages

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Market Sales

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

N.Y.S.E. Odd-Lot Trading

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

SAP 100 Index Options

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

To Our Readers

Closing prices for Sao Paulo were not available Friday due to problems at the source.

Singapore

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Stockholm

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Toronto

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Zurich

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

London

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Paris

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Frankfurt

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Brussels

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Amsterdam

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Helsinki

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Stockholm

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Oslo

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Copenhagen

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Stockholm

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Stockholm

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Stockholm

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Dividends

Company	Per Amt	Pay Rec
Amgen	1.00	1.00
Amgen	1.00	1.00
Amgen	1.00	1.00
Amgen	1.00	1.00

European Futures

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05
Comp	100.00	100.00	+0.05

Spot Commodities

High	Low	Close	Chg.
Indus	100.00	100.00	+0.05
Trans	100.00	100.00	+0.05
Util	100.00	100.00	+0.05

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

[illegible][illegible]

General Motors North American		Postfach 1362, D-6090	
4	1954	1954	1954
15	1955	1955	1955
24	1956	1956	1956
33	1957	1957	1957
42	1958	1958	1958
51	1959	1959	1959
60	1960	1960	1960
69	1961	1961	1961
78	1962	1962	1962
87	1963	1963	1963
96	1964	1964	1964
105	1965	1965	1965
114	1966	1966	1966
123	1967	1967	1967
132	1968	1968	1968
141	1969	1969	1969
150	1970	1970	1970
159	1971	1971	1971
168	1972	1972	1972
177	1973	1973	1973
186	1974	1974	1974
195	1975	1975	1975
204	1976	1976	1976
213	1977	1977	1977
222	1978	1978	1978
231	1979	1979	1979
240	1980	1980	1980
249	1981	1981	1981
258	1982	1982	1982
267	1983	1983	1983
276	1984	1984	1984
285	1985	1985	1985
294	1986	1986	1986
303	1987	1987	1987
312	1988	1988	1988
321	1989	1989	1989
330	1990	1990	1990
339	1991	1991	1991
348	1992	1992	1992
357	1993	1993	1993
366	1994	1994	1994
375	1995	1995	1995
384	1996	1996	1996
393	1997	1997	1997
402	1998	1998	1998
411	1999	1999	1999
420	2000	2000	2000
429	2001	2001	2001
438	2002	2002	2002
447	2003	2003	2003
456	2004	2004	2004
465	2005	2005	2005
474	2006	2006	2006
483	2007	2007	2007
492	2008	2008	2008
501	2009	2009	2009
510	2010	2010	2010
519	2011	2011	2011
528	2012	2012	2012
537	2013	2013	2013
546	2014	2014	2014
555	2015	2015	2015
564	2016	2016	2016
573	2017	2017	2017
582	2018	2018	2018
591	2019	2019	2019
600	2020	2020	2020
609	2021	2021	2021
618	2022	2022	2022
627	2023	2023	2023
636	2024	2024	2024
645	2025	2025	2025
654	2026	2026	2026
663	2027	2027	2027
672	2028	2028	2028
681	2029	2029	2029
690	2030	2030	2030
699	2031	2031	2031
708	2032	2032	2032
717	2033	2033	2033
726	2034	2034	2034
735	2035	2035	2035
744	2036	2036	2036
753	2037	2037	2037
762	2038	2038	2038
771	2039	2039	2039
780	2040	2040	2040
789	2041	2041	2041

[illegible][illegible][illegible]

VW
By a

Belgia

NY

Matsushita Profit Rises 16%

yen, audio equipment sales climbed 15 percent, to 29.1 billion yen, and

Information and industrial equipment sales were up 18 percent, to 76.2 billion yen, reflecting rapid growth in sales of products ranging from telephones and pocket pagers to printers and factory automation equipment.

eight percent to 41.7 billion yen.
(AFP, Reuters)

Song to Market HDTV

Japan's Sony Corp. said Friday that it planned to market high-definition television sets for the first

time in Japan on Dec. 1, the same day as Matsushita. Agence France-Presse reported from Tokyo.

million yen, while Matsushita will offer its model for 4.5 million yen, company officials said. Sony's is designed for use in the home bu-

designed for use in the home, but does not have a decoder, while Matsushita's has a decoder and is designed for use in galleries, hotels and other businesses.

1. 2.

Leading Firms

C. Itoh & Co., an affiliate of Dai-ichi Kangyo Bank Ltd., said its new

Sales climbed 17.7 percent, to 10.42 trillion yen. Metal sales

soared by almost two-thirds and sales of energy and chemical products were also up sharply. Sales of food, textiles and lumber rose mar-

Nissho Iwai Corp., an affiliate of Sanwa Bank Ltd. specializing in

steel, machinery and transportation equipment, said its net profit rose 12.4 percent, to 5.5 billion yen. Sales were 3.6 percent higher and

Toyo Menka Kaisha Ltd., the country's biggest cotton trader with solid footholds in China and

Egypt, said its net profit grew 25 percent, to 3.5 billion yen. Sales advanced 13.8 percent to 3.32 trillion yen.

November 16, 1990
 of some quotes based on issue price.
 daily; (b) twice weekly; (m) - monthly

	(w) Eur. Growth Fund N.V.,	FL	SL
(a) -			
(b) -			
(c) -			
(d) -			
(e) -			
(f) -			
(g) -			
(h) -			
(i) -			
(j) -			
(k) -			
(l) -			
(m) -			
(n) -			
(o) -			
(p) -			
(q) -			
(r) -			
(s) -			
(t) -			
(u) -			
(v) -			
(w) -			
(x) -			
(y) -			
(z) -			

(w) Japan Diversified Fund	\$	94.0
(w) Leveraged Cap Hold	\$	132.0
(w) Tokyo Pac. Hold. N.V.	\$	222.0
PRISM ASSET MANAGEMENT		
(121) 573-8448 advisor to:		
(d) EFF	\$	364.0
(d) PTJ	\$	109.0

1	(d) RAINBOW	\$	117.3	
2	(d) CONQUEROR	\$	94.1	
3	PUTNAM			
4	(d) Emerging Hlth Sc. Trust	\$	18.2	
5	(w) Putnam Em. Info. Sc. Tr	\$	13.6	
6	(d) Putnam Glob. High Growth	\$	11.3	
7	(d) Putnam High Inc. GNMA Fd	\$	9.2	

(d) Putnam for Fund _____ \$ 11.2
ROBEKO GROUP
 POB 973, Rotterdam (10-4650711)
 (d) Robeco _____ FL 85.5
 (d) Rolinco _____ FL 79.4
 (d) Rorente _____ FL 59.8
 (d) Redamco _____ FL 49.5

	ROYAL B. CANADA (Feb 24)	GUERNSEY	
9	+(w) RBC British Fund Ltd.		\$ 4.46
1	+(w) RBC Canadian Fund Ltd	CS	12.33
7	+(w) RBC European Fund		\$ 12.3
3	+(w) RBC For East & Pacific Fd		\$ 38.2

+ (w) RBC Int'l Capital Fd	\$	49.5
+ (w) RBC Int'l Bond Fund Ltd.	\$	13.90
+ (d) RBC Man. Currency Fd	\$	41.9
+ (w) RBC North Amer. Fd	\$	12.7
ROYAL TRUST ASSET MIX FUND		
Lux. Tel: (352) 489061		
EQUITY FUNDS		

(d) Alpha UK	£	1.0
(d) Alpha USS	\$	1.2
(d) Alpha Worldwide	SF	4.0
(d) Alpha Japanese	Y	82.0
(d) Alpha Pacific Rim	\$	1.2
(d) Alpha European	ECU	1.0
(d) Gold Share	\$	0.8

BOND FUNDS		
(d) Sterling Bond	_____	£ 106.1
(d) US\$ Bond	_____	US\$ 772.2
(d) Deutschmark Bond	_____	DM 48.0
(d) Alpha Worldwide	_____	SF 45.0
RESERVE FUNDS		
(d) Sterling Reserve	_____	£ 73.0

(d) US\$ Reserve	\$	15.27
(d) Deutschmark Reserve	DM	11.27
SAFRA REPUBLIC HOLDING		
(w) Republic Gam Fd.	\$	101.5
(w) Rep.(Gnsey) DoLinc.fid	\$	9.70
SKANDIFOND		
SKANDINAVISKA ENKELDA BANKEN		

(w)Equity Intl Acc	\$	12.6
(w)Equity Intl Inc	\$	11.4
(w)Equity Global	\$	-1.1
(w)Equity For East	\$	1.7
(w)Equity Gold	\$	8.6
(w)Equity Japan	Y	106.0

(w) Equity Nordic	\$	1.33
(w) Equity U.K.	£	1.05
(w) Equity Continental Europe	\$	1.32
(w) Equity Mediterranean	\$	1.00
(w) Equity North America	\$	1.14
(w) Bond DEM	DM	0.93
(w) Bond Int'l Acc	\$	0.92

Suntomoto to Assist Itoham on Debt

Reuters

TOKYO — Suntomoto Bank Ltd. said Friday it will send six senior officials to Itoham & Co., a trading company run largely by former Suntomoto Bank executives, to help the company restructure its debt run up on real estate investments.

Itoham had announced earlier that it would reduce its debts related to real estate to about 350 billion yen (\$2.7 billion) from 700 billion yen by March 1991. But many industry analysts said it would be difficult for Itoham to do so because of weakness recently in the real-estate market in Japan.

Moody's Investors Services Inc. recently lowered its rating of Suntomoto's long-term debt to double-A1 from triple-A. Its highest rating

[illegible][illegible][illegible]

Simon USBURN at 0135955 for further information.

[illegible]

THE MONEY REPORT

BRIEF CASE

Bear Stearns to Package CMO Mortgage-Backed Trust

Do you want to be on the right end of mortgage debt — that is receiving rather than paying?

In a move to offer individual investors the higher yields of mortgage-backed securities, Bear Stearns & Co., the U.S. financial group, has launched a CMO (collateralized mortgage obligation) trust.

It works this way: mortgages are packaged together and the right to receive the income is sold as a bond. Investors can expect to receive about 8.84 percent annually on their capital — that's more than half a percentage point above five-year bonds issued by the U.S. Treasury.

CMO pools are considered less risky than standard mortgage-backed securities because they mix mortgages of different maturities and interest rates. This diminishes the likelihood that the mortgages backing the securities will be paid off early if interest rates fall.

The Bear Stearns Mortgage Securities Trust-CMO Series will have a life of five years and is the first of 10 the broker hopes to launch over the next year, raising about \$750 million.

Individuals have had limited access to the \$350 billion CMO market before, but Bear Stearns is the first to offer wide market participation, marketing the trust themselves and also through 55 other brokerages. Investors must pay a minimum of \$1,000 in trust units at a 3.5 percent sales fee.

For further information in the U.S. write

Bear Stearns & Co. 245 Park Avenue, New York, N.Y. 10167, or call 212 272 2400; in Europe, write Bear Stearns & Co., 18 rue Bayard, 75008, Paris, France, or call Paris (33 1) 43 59 45 50.

French Province to Offer Municipal Bonds in U.S.

U.S. cities face competition from the French Riviera but not for tourist dollars. The French region of Rhône-Alpes-Côte d'Azur and an economically vibrant municipality within the region, plan to offer roughly \$250 million worth of top rated bonds to the American public early next year.

Finance officials from the region, one of France's wealthiest, are hoping to benefit from the budgetary woes of U.S. cities like New York and Detroit and from growing fears of economic downturn in North America. The French region's superior credit ratings, triple-A from Moody's Investor Service Inc. and double-A-plus from Standard & Poor's Corp., provide exactly the kind of quality U.S. municipal bond investors are looking for these days, according to organizers of the bond sale.

The French hope to offer the bonds at a premium of 0.6 percent over 10-year U.S. Treasury bonds. At current bond prices that would produce a taxable yield of about 9.13 percent. Even though the 7.7 percent average yield on U.S. municipals is lower, pocketed profits for investors in native issues may well be higher since income is tax free.

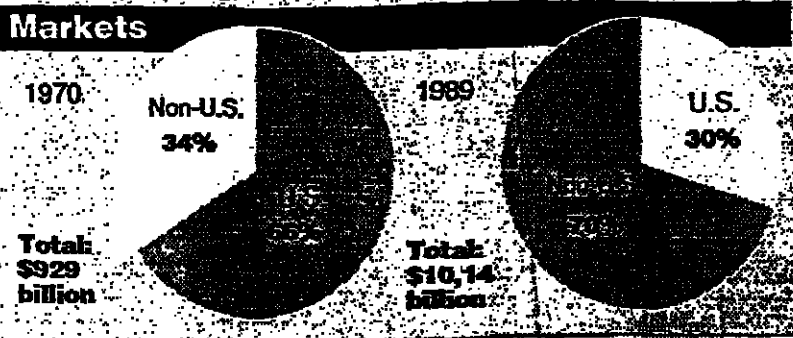
The trade off for buyers of the French bonds is clear: lower rates in exchange for more reliable credit quality.

For more information, contact the bond department of any major broker.

U.S. Mutual Funds in World Markets

	1940	1990
Mutual fund assets, in millions of dollars	448	1,200,000
Number of mutual funds	68	3,500

Source: Russell Analytical Services



Investment Company Act Is Held Due for Revision

Fund investors can expect changes in the way their money is protected. Time is just about up for the Investment Company Act, a 50-year-old piece of legislation that is generally regarded as having been very successful. But the time has come for a re-write, according both to regulators and the investment industry.

In the years of its existence, mutual fund assets have grown from roughly \$448 million to \$1.2 trillion. When the law was enacted, there were 68 mutual funds; now there are more than 3,500.

Today, according to the Investment Company Institute, a mutual fund trade association, one household in every four across the U.S. owns shares in a mutual fund.

The Securities and Exchange Commission, in its request for comments on the law and possible revisions, said, "Investment companies are fast becoming the primary

investment and savings vehicle for a significant portion of the investing public."

The act limits mutual fund fees, prohibits self-dealing — such as a sponsor selling its own securities to its mutual fund — and gives the SEC broad authority to regulate other aspects of the business, such as advertising.

Portugal's Brewery Setback Puts a Dent in Privatization

Portugal's ambitious privatization program hit a snag this week, when the profitable brewing company Central de Cervejas (Centralor) failed to find buyers for all its shares.

The company, which brews Sagres, Portugal's beer, raised just over \$250 million for the government. The major buyer was Centalor's principal rival in the beer market, Unicer, which took a 31 percent stake.

Small investors, company employees and bondholders bought around 12 percent of the shares.

The Portuguese government will press ahead with its ambitious privatization program, however. Companies already sold include newspapers, a bank, insurance and shipping companies. Forthcoming sales will include the country's largest commercial bank, Banco Portugues do Atlantico.

Sale of Argentina's ENTEL A Plus for Privatization

In contrast to Portugal, Argentina is at the start of a big privatization program and has scored a success this week.

ENTEL, the Argentine national phone company, has been sold to a consortium of foreign banks and telecommunications companies. The sale is expected to bring in \$3.15 billion in cash and reduce Argentina's foreign debt by more than \$7 billion.

Company employees and the general public will be offered a 40 percent stake in the company.

Forthcoming sales from the extensive publicly owned sector will include railways, highways, oilfields, shipping and chemicals companies.

Broker Survey of Land Price Shows 30% Drop in Japan

A steep 30 percent, three-month decline in some prices quoted by real estate agencies operating in Tokyo, Osaka and Nagoya indicates that demand for top quality urban properties is not what it used to be in Japan.

Four brokers were quoted as part of a government-sponsored survey of land price changes between early September and early November.

But the evidence gathered in the study is largely anecdotal, and property analysts say it is too early to claim that Japanese real estate prices are in a free fall.

The hit has mostly been taken by expensive urban apartments, contends Bernard Siman, a property analyst at Jardine Fleming Securities in Tokyo. Most urban real estate prices remain stable, according to Mr. Siman.

Land prices have more than doubled in Japan over the past five years. Today, a typical apartment or house in the island

nation costs nearly 10 times the average worker's annual salary.

Optima Card Lifts Interest To 16.75 Percent as of Jan. 1

American Express will raise the interest rate on its Optima credit card, starting Jan. 1 next year.

The annual rate on outstanding balances will rise one percentage point to 16.75 percent.

With U.S. interest rates expected to fall in the short term to cushion fears of a recession, the rise takes the card closer to its Visa and MasterCard competitors.

American Express' strategy has consistently been to undercut the opposition by offering cheap credit to American Express cardholders.

When the Optima card was launched over three years ago the interest rate charged was 13.5 percent. The 1991 interest rate will still leave the card cheaper than almost all its competitors. A typical annual rate for Visa or MasterCard dollar credit is between 18.5 and 19 percent, with the biggest U.S. issuers edging up toward the 20 percent level.

Kuwaitis and U.K. Firm Buy Into Hungarian Privatization

The Kuwait Investment Office and the Hungarian Investment Company, a collective investment vehicle run by British investment manager John Covert, have acquired a 31 percent stake in the latest Hungarian privatization.

Technoimpex, a machine tools and general trading company, sold its shares for \$7 million.

Foreign investors will be offered a further 40 percent of the company next year.

New Book Looks at Workings Of Japanese Share Market

Next year will see the publication of a new book on the workings of the Japanese share market. The work provides interesting background reading for anyone with an interest in the world's biggest equity market.

"Japanese Equities" by Nigel Holloway and Robert Zickowski, will be published by Kodansha International, 114 Fifth Avenue, New York, NY 10011. The cover price is \$21.95 in hard back.

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Today ANZ Grindlays is part of a major international banking group, with assets exceeding US\$65 billion and branches in 48 countries around the world.

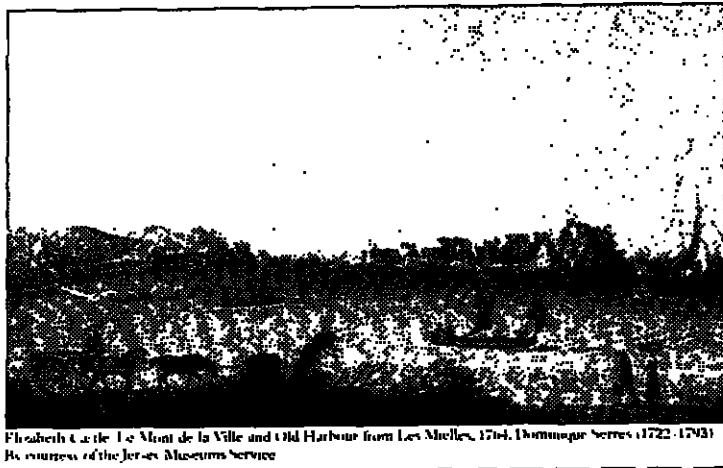
Copies of the most recent audited accounts of ANZ Grindlays Bank (Jersey) Limited are available on demand.

For further information send in the coupon or contact Wendy Herve at (0534) 74248. Fax: (0534) 77645.

*Rates correct at time of going to press on 14th November 1990

ANZ Group

Private Banking



Flourens à la Ville and the Harbour from Les Moulins, 17th/18th Century Series (1722-1793) by courtesy of the Jersey Museum Service

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Wall St. Layoffs Raise Questions About Research

By Mary Rowland

WITH Wall Street in tatters, thousands of brokerage employees laid off and those who remain shell-shocked, how valuable is the research you're getting from your stockbroker?

The street's problems are exacerbating a situation that has already drawn considerable fire. Critics have argued for years that investment houses serve too many masters.

If a company is an investment banking client of the brokerage firm, how can the analyst be candid about the company's stock outlook?

If the brokerage is helping to bring a new stock issue to market, can you trust the analyst's "buy" recommendation?

Even if you do, what about selling? When was the last time you got a "sell" recommendation? Analysts depend on their good relationships with the companies they cover and a "sell" could sour them.

Furthermore, the chief customers of Wall Street research are big institutions, which get the latest research electronically.

That means retail customers like you may not get the "hot tip" until

much later — and by then, the big players have already made their moves and the stock has responded.

Clearly, this is a thorny matter — and the hard times on Wall Street only make it worse.

So what should you make of the

research? This helps you put the recommendation in context.

It's like going to the store," said Violet Woodhouse, a Costa Mesa, California, planner.

"The broker is not simply there to give expert advice. He's also there to sell what the store has to offer."

Is the recommended company an investment banking client of the firm? This doesn't necessarily mean you shouldn't buy the stock. But it gives you another piece of information to weigh the decision.

Although an analyst always calls institutional clients first, that does not necessarily mean retail clients "get closed out completely." But it does mean that you won't be the first one in on a hot stock.

research that you get from your broker?

Experts say that before you do anything else, you should look at how the recommendation fits into your portfolio and investment strategy.

"There's a one-size-fits-all mentality about recommendations," said Meloni Hallock, a senior manager in personal financial services for Price Waterhouse in St. Louis.

"You first have to decide whether it's right for you."

What other ideas does the broker have? "A broker shouldn't be calling you with one idea," Ms. Hallock said.

How long will you need to hold on to the investment to reach the objective? Six months? Five years? "If you need to hold on for five years to get a 50 percent increase, you might prefer to buy a bank CD," Ms. Hallock said.

What is the downside risk? "Experts also say that you should be wary of new issues, companies offering stock for the first time."

This is an extremely speculative investment.

"Most of them, after they come out of the box, drop dramatically," Ms. Woodhouse says. "If you're not the type that wants to take a shot in the dark, stay away from them."

If the broker offers a "hot tip" and professes to have special knowledge about the company, be suspicious.

Use of inside information is illegal.

One of the biggest issues is timing: If a broker implies that you must act quickly, back away.

Robert Lange, a portfolio manager for the Linder Fund in St. Louis, says that getting in on the ground floor with a hot stock is very difficult for a retail investor.

So many people are watching and analyzing the market that "the good stuff gets incorporated into the stock price very soon," he said.

In fact, even as an institutional investor, Mr. Lange often uses Wall Street research as a contrarian indicator.

"Let's suppose that a stock you own goes up and up and then you start seeing buy recommendations on it," he said.

"Then you sell your stock, figuring that everyone already knows about it."

Although an analyst always calls institutional clients first, Ms. Hallock says, that doesn't necessarily mean retail clients "get closed out completely."

But it does mean that you're not going to be the first one in on a hot stock.

In any event, professionals say that you should never put money down just on a tip.

Mr. Lange said he was most interested in an analyst who had a "track record" — had assessed a stock's historical trading pattern and used that data to predict where it might go.

He suggested asking your broker to put you on the firm's mailing list for research reports. Then, use the analysts' recommendations to stimulate your own thinking.

"If you're on a brokerage mailing list, the best way to make use of it is to use it critically," he said.

Try to figure out where the guys are coming from. Even if you don't agree with them, it might make you think and stimulate you to come to a different conclusion.

John Markese, research director for the American Association of Individual Investors, based in Chicago, suggests that you check out every recommendation with an independent source such as Value Line, Standard & Poor's Tearbooks or Moody's Handbook of Common Stocks, which are available at public libraries.

"It's always worthwhile to look at factual information from a broker," he said. "But I'd want confirmation on recommendations and conclusions from a third-party source."

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THE MONEY REPORT

Tax Laws
And the
Alien
Spouse

By Thomas Bissell

FAMILIES of U.S. citizens who die leaving property to any non-citizen spouse could be in for a shock under a 1988 U.S. tax change—an immediate U.S. federal estate tax of up to 55 percent on the value of all the deceased's property.

Before 1988, property left by a U.S. citizen to any surviving spouse was free of U.S. estate tax (death tax) under the "marital deduction" rules of U.S. law. The U.S. estate tax would then be imposed when the spouse died, but the tax at that time could be avoided if the spouse was a non-citizen not resident in the U.S. and if the property was outside the United States.

Congress decided to close this gap by providing that tax would be imposed immediately on the first spouse's death in any case where the surviving spouse was not a U.S. citizen. The tax could be postponed until the survivor's death, but only if the property was a "qualified domestic trust" (QDT), with income payable annually to the survivor.

The U.S. estate tax is imposed on property located everywhere in the world that is owned by a U.S. citizen at death. But no tax is imposed on the first \$600,000 in value of the deceased's property, after subtracting debts and certain expenses. The tax is then imposed on the balance of his net property, at rates that start at 37 percent and reach 55 percent on the net value in excess of \$3 million. The tax can be reduced by foreign death taxes on property in foreign countries.

A citizen with an alien spouse will not have a problem, therefore, unless his net assets exceed \$600,000 in value at his death. But life insurance proceeds must be included in the total, and this gives many "family" estates a net value higher than \$600,000.

If the couple owns real property or other assets in joint name, it must be determined how much of each spouse's separate assets paid for the property. For example, if the husband's earnings paid for a home that is held in joint name with a non-citizen wife, the entire value of the home will be taxed in the husband's estate when he dies.

Congress also acted in the new law to prevent lifetime gifts from being made to a non-citizen spouse in order to skirt the new estate tax rules. Under the new law, U.S. federal "gift tax" at the above rates can be imposed on annual gifts of more than \$100,000 to a non-citizen spouse, with any excess charged against the donor's \$600,000 estate tax exemption. Gifts to a U.S. citizen spouse remain free, no matter how large the gift.

The new law also applies to "green card" aliens (immigrants with U.S. permanent residence visas) who die leaving property anywhere in the world to a non-citizen spouse. Nonimmigrant aliens who immediately before death have been living in the U.S. for more than five years are also affected. But green card aliens living in Austria, Britain, Denmark, France, Germany, the Netherlands and Sweden may be able to avoid the U.S. rules under those countries' estate tax treaties with the U.S.

If a married U.S. citizen or green card holder has a potential net estate of more than \$600,000 and plans to leave any of it to a non-citizen spouse, advance planning is essential. After weighing the potential gift and estate tax in any foreign country where the couple may live or have property, the following steps should be considered:

- Spouse becomes U.S. citizen — If possible the spouse should become a U.S. citizen. This can only be done if the spouse first holds a green card for at least five years. If the spouse is the second to die, it should be possible to later renounce U.S. citizenship so as to avoid U.S. estate tax on his or her estate. Becoming a U.S. citizen may, however, result in loss of citizenship in the spouse's home country (for example, under German or Dutch law).

- Provide for QDT — The property-owning spouse should change his will to provide for a QDT in the form prescribed by the new law. Usually the will should also provide for a U.S. "credit shelter trust" that can double the \$600,000 exemption to \$1.2 million.

- Gifts to spouse — If the spouse is healthy, interspersed gifts should be made of \$100,000 annually in order to reduce estate tax on the donor's estate.

- Life insurance — Life insurance policies should also be donated to the spouse ("term" insurance will usually have no value in applying the \$100,000 limit). Better still, a "life insurance trust" should be formed to exclude the insurance from the estate of both spouses.

- Special life insurance — A couple should consider buying additional life insurance to cover the cost of U.S. estate tax if other planning can't avoid the tax.

- Give up a citizenship — As a last resort, a wealthy individual living abroad with a nonimmigrant alien spouse may wish to renounce U.S. citizenship and move his assets out of the U.S. so as to escape the U.S. estate tax net completely.



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International Herald Tribune

EC Ruling Paves Way for Easier Insurance

By Sara McConnell

THE European Community may have big plans for closer financial cooperation, but it is still without a common currency or common tax laws and has only this week achieved an outline agreement on the shape of a central banking system. But thanks to a recently passed EC directive, buying insurance should be less complex.

Companies soon will be able to sell all sorts of nonlife insurance, both commercial and individual, across EC borders without having to set up branches in each country. They will be authorized in their own country without also having to submit to the host country's regulations.

Theoretically EC nationals will be able to buy their motor, household, buildings or personal accident insurance from any country in the Community. As living and working in other EC countries becomes more commonplace, this sounds like a good idea.

But arguments about some of the transitional arrangements are already highlighting some of the ma-

jor differences between member states.

The prospects of cross-border motor insurance is causing some countries particular grief. Motor insurance, both commercial and private, is a sensitive issue because it is compulsory throughout the EC but each country has a different rating system and claims experience and is prepared to fight to preserve as much of the existing system as suits it.

For example, British policies charge a gross premium, which is then reduced as a motorist builds up a no-claims record, while countries like Holland start with a standard premium, adding bonus points for good driving practice and subtracting points for bad or dangerous driving.

Countries like Germany, Belgium and Greece have already shown their hands. All three countries operate a tariff system to fix rates and they nearly managed to persuade members of the European Parliament not to abolish tariffs on commercial motor insurance covered by the directive. Although they lost this particular battle and the directive has now gone back to the council for final adoption, the arguments are not over.

Cross-border motor insurance initiatives are not a totally alien concept in Europe. Since 1974, all countries imposed a legal minimum requirement that drivers must have third party motor insurance.

There is a — not fully implemented — EC directive requiring minimum cover to include insurance against damage to third party property including pedestrians, cyclists and fellow passengers. All insurance companies must also be long to their home country's Motor Insurers Bureau, which pays if drivers are uninsured.

European insurance companies have long had the freedom to establish branches in other EC countries and are becoming increasingly interested in maneuvering themselves into a strong position for 1992. Freedom of establishment does not mean freedom from regulations. Countries like Germany and

France insist on "prior notification" of new products and services.

"If you want to announce a new product you have to give details to an advisory body made up of insurance experts who also happen to be your competitors," said Brian Griffin, group EC adviser at Royal Insurance Holdings.

Setting up a branch in most countries to sell any general insurance to anyone except large risks (which means companies with more than 500 employees and turnover of more than \$35 million) entails getting authorization from the home country producing certificates from the authorizing authority, business plans and a scheme of operations, all in the language of the country where the business is being established.

"Most continental insurance companies believe that you can't

sell insurance across borders. People want to be able to see and visit their insurance company," said Alan Beadle, secretary to the British Insurers International Committee and European Affairs Manager at the Association of British Insurers (ABI). But he added:

"More people are changing jobs or moving about and, they discover, they can't insure their car with an insurer in their own country, and these people may benefit from freedom of services."

Big U.K. insurers like Commercial Union and Guardian Royal Exchange feel that freedom of services will only bring them limited advantages. Both companies point out that their existing initiatives in Europe give them access to a local distribution network of banks or agents, which in turn gives local people confidence.

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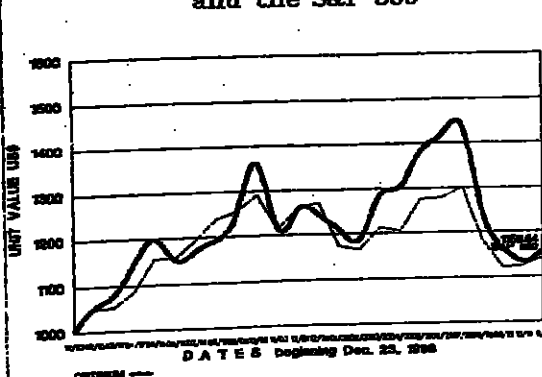
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SPORTS



Boris Becker defeated Ivan Lendl on Friday in the eight-player round-robin ATP Championship in Frankfurt. Both had already qualified for the semifinals Saturday.

Edberg Defeats Sampras To Clinch No. 1 Ranking

By Nick Stout

FRANKFURT — Stefan Edberg served match point and watched with satisfaction as Pete Sampras' return sailed far too long. Clenching his fist, he smiled in the direction of his coach and girlfriend.

The moment was not lost on anybody. Edberg would finish the year as the No. 1 player on the men's tennis tour, and Boris Becker No. 2, no matter what happened in the remainder of the ATP Tour World Championship.

"It's something a lot of players would like to achieve," Edberg said. "Now I've done it. It's a year I'll always remember."

Edberg will probably never live down his first-round losses at the French and U.S. Opens. But his accomplishments this year have included seven titles, including Wimbledon. He was runner-up in the Australian Open and in four other tournaments.

Edberg's 7-5, 6-4 victory over Sampras here Friday night completed the semifinal lineup in this season-ending tournament. Fittingly, that lineup includes the world's top four players.

On Saturday, Edberg will play Ivan Lendl, ranked No. 3, and Becker will meet Andre Agassi, ranked fourth. Earlier Friday, Becker beat Lendl, 1-6, 7-6, 6-4.

Sampras held his own against Edberg through most of the first set. He did not get behind on his serve until Edberg made a couple of fine service returns to move to 5-5, 15-40. He lost the game two points later when he volleyed long on break point.

"I'm not playing at the level I was in the U.S. Open," Sampras said, "which is unfortunate because I really want to do well here. But when I look back on the year I have to be pleased."

Since both Becker and Lendl had already clinched their semifinal spots, the only tangible incentive in their match was the \$50,000 winner's prize. But there was something else at stake.

"Pride," Becker said. "I don't want to lose to him, and he doesn't want to lose to me."

Becker surpassed Lendl in the official rankings on Aug. 20, knocking Lendl as low as No. 3 for the first time in more than five years.

On Friday, Becker kept the crowd at Frankfurt Festhalle roaring with delight as he stayed with Lendl point for point, game for game after squandering the first set.

Both players were serving magnificently. Becker delivered 12 aces and won 70 percent of the points on his serve. Lendl served 10 aces.

The match could just as easily have gone to Lendl, except for one of those fateful flukes that get played over repeatedly in the heads of the losers.

This one occurred with Lendl serving at 4-4 in the final set. Neither player had managed a service break since the first set — ancient history at this juncture.

But Lendl now found himself behind, 15-30, and bowed down for the crucial point.

Lendl was waiting at the net, his preferred spot for most of the evening, to field Becker's forehand from the baseline. It should have been a routine volley. Instead, the ball struck the net, and soared up and over Lendl's head. He made a quick backward twist but could not reach it.

Lendl probably did not recover from that surprise before he had to serve at 15-40. After delivering, he came in fast to take a hard return in the right forecourt. His racket outstretched, he lifted the ball meekly to Becker's waiting racket. Lendl did not bother to react; he straightened up and walked away without even waiting for Becker to drive home the fatal volley.

Becker sealed the match moments later, scoring an ace on match point.

"I took it as a great practice day," Lendl said afterward, struggling to find something positive in the defeat.

Lendl set the tone in the first game, scampering to the net with every serve. The result was a game won at low on three volleys and an ace. Becker's errors in the second game resulted in a break for Lendl, who promptly served another love game.

The first set was over in 26 minutes, but Lendl said he was not taking anything for granted.

"Whenever you win a set at 6-1 against a top player,

At Slims, Seles Struggles To Beat Sanchez Vicario

By Robin Finn

NEW YORK — Arantxa Sanchez Vicario, the plunger, and Monica Seles, the pummeler, toiled for almost three hours in their quarterfinal match at the Virginia Slims Championships before Seles managed to sneak out of Madison Square Garden with a 5-7, 7-6, 6-4 victory.

More accurately, she crawled out of the Garden, exhausted, relieved and brimming with admiration for the dogfight put up by Sanchez Vicario, who fought off 11 set points before winning in the second-set tiebreaker that tied the marathon on Thursday night.

The first half-dozen games featured brush groundstrokes from Sanchez Vicario and wobbly misses from Seles, who seemed too nervous to take aim at the ball.

But once Sanchez Vicario had blasted her way to a 5-1 lead, Seles began to toughen up her returns. Her heightened level of play finally earned her a break point with the fifth-seeded Spaniard serving at 5-2 in the eighth game of the set.

Seles didn't convert that one, and did not convert her next five game points, but she finally broke for 3-5 on her eighth attempt when Sanchez Vicario waived a lob off limits.

In the next game, the 16-year-old Seles enhanced her recovery with a 94-mile-an-hour (152-kilometer-an-hour) ace that brought her to 4-5, and then broke Sanchez Vicario to even the set at 5-5.

Her initial revival stopped there, however, as Sanchez Vicario, 18, popped a forehand volley winner across the court to break ahead for 6-5 and held serve with a backhand volley winner to claim the first set, which lasted 1 hour, 7 minutes.

In the second set, Seles continued to press a suddenly mistake-prone Sanchez Vicario with a vicious array of cross-court winners off both sides, and her tenacity gave her a 4-1 edge. But just as Seles had done in the first set, Sanchez Vicario fought her way back into contention in the second.

By the time the players reached the tiebreaker stage, Sanchez Vicario had saved an astonishing nine set points.

In the tiebreaker, Seles used her 12th set point to even the match. Sanchez Vicario saved the 10th with a pair of smash overheads, and Seles squandered the 11th by whipping a backhand into the net.

A weak backhand volley by the Spaniard set up Seles for a backhand pass that put her up, 7-6, in the tiebreaker, and when Sanchez Vicario's forehand drifted wide, Seles claimed the set.

The pair started off the third set in union: They broke each other's serves. But the momentum switched to Seles's corner for good in the ninth game when a backhand slice from Sanchez Vicario, serving at 30-40, veered out of bounds after an excruciating rally and put Seles up by 5-4.

In the semifinals, Seles will face fourth-seeded Mary Joe Fernandez.

SIDELINES

UEFA Bars Atlético Madrid Official, Sanctions Other Clubs and Players

ZURICH (AP) — The president of Atlético Madrid, Jesús Gil y Gil, was barred Friday from all European soccer functions until July 31, 1992, for remarks about a French referee, the Union of European Football Associations announced. Gil y Gil has until Nov. 19 to appeal the decision, which was taken by UEFA's Control and Disciplinary Commission.

He had been ordered to appear before the UEFA panel after he claimed in a radio interview Sept. 24 that referee Michel Vautrot was a homosexual. Vautrot was the referee of UEFA cup game last year between Atlético and Fiorentina, which the Italian side won.

UEFA also announced sanctions against more than 30 European soccer clubs, associations and players for misconduct in recent matches. Fines imposed by the Control and Disciplinary Commission totaled more than 300,000 Swiss francs (\$240,000), and most penalized the throwing of fireworks and other misconduct by spectators.

The promotions director of the French national soccer federation was charged with fraud Friday, part of a spreading scandal that is considered one of the worst ever in French sports. Jean-Claude Darmon, credited with helping the federation boost its profits dramatically in recent years, was charged by a Marseille judge in connection with an investigation of alleged fraud by officials of the first division team in Toulon.

The soccer tournament at the Barcelona Olympics will begin July 24, 1992, a day before the Games' opening ceremony, it was announced Friday.

Nelson and Mize Lead in Japan Golf

MIYAZAKI, Japan (AP) — Larry Nelson had an eagle and seven birdies for a 9-under-par 63 on Friday and a share of the lead with the defending champion, Larry Mize, after the second round of the \$1.54 million Dunlop Phoenix.

Mize, who had eight birdies and a bogey in a round of 65, and Nelson have two-round totals of 10-under 134, one stroke better than Jeff Shuman.

76ers' Bol Seeks Food Aid for Sudan

WASHINGTON (AP) — Maurice Bol of the Philadelphia 76ers is appealing to Americans to help fight starvation in his native Sudan. But in remarks here to the relief group Oxfam America, he said he doubted such help would be forthcoming.

"Some friends, not my teammates, they ask me do you think that Americans will help these hungry people, give them something?" Bol told the group Thursday. "I say 'Why do you say that?' And they say 'There's a lot of homeless right now in Philadelphia and nobody's helping them.'"

Bol, a Dinka tribesman from the Sudanese village of Tulele, earns a \$1.3 million salary. Experts estimate that 8 million to 11 million of Sudan's 25 million people risk starvation.

The Denver Nuggets, who averaged 137 points but yielded 153 a game as they opened the NBA season 0-7, finally won a game, beating the Minnesota Timberwolves, 121-108, Thursday night in Denver.

Drazen Petrovic has been fined \$500 by the NBA's Portland Trail Blazers for saying in a published report that he was treated unfairly by his club. The guard had said he wanted more playing time and threatened to return to Yugoslavia.

USGA Formally Bans Discrimination

NEW YORK (AP) — The U.S. Golf Association has formally adopted a policy against discrimination of minority groups or women.

The action Thursday by the USGA, which represents 7,000 member golf clubs in the United States, was expected to encourage integration at private clubs across the nation. Similar action has been taken by the PGA Tour, which runs the men's professional tournaments, and the Professional Golfers Association of America, which runs the PGA championship.

Kuwait Athletes to Play in Bahrain

MANAMA, Bahrain (AP) — Kuwait athletes in exile in Bahrain are to be allowed to play with Bahrain's national clubs this coming season. Sheikh Isa bin Rashid Al Khalifa, the president of Bahrain's General Organization for Youth and Sports, sent a memorandum to all sports clubs telling them to include Kuwait players in their teams.

For the Record

The Australian Olympic Committee has endorsed Sydney as its bid city for the 2000 Summer Olympics, officials announced Friday.

Northern Dancer, the 1964 Kentucky Derby winner, was humanely destroyed Friday after a severe attack of colic. He was 29.

The International Boxing Federation, in a vote Friday in New York, sanctioned Evander Holyfield's heavyweight title defense against George Foreman, leaving only the World Boxing Council to withhold approval of the April bout.

Tennis: Serving Two Masters

By Nick Stout

FRANKFURT — Andre Agassi's surprise announcement here this week that he was pulling out of the Grand Slam Cup next month in Munich has brought the simmering acrimony between the ATP Tour and the International Tennis Federation to a full boil.

It is widely recognized that the Grand Slam Cup, a \$6 million event worth \$2 million to the winner and \$100,000 to those who agree to play, was a knee-jerk reaction to the newly won independence of the ATP Tour. It was viewed as an effort to upstage the ATP Tour World Championship here this week.

Reserved for the 16 players with the most consistent records at the four Grand Slam events — the Australian, French and U.S. Opens, and Wimbledon — the Grand Slam Cup has been assailed by some as an attempt to bribe the top performers into giving legitimacy to what is essentially an off-season exhibition.

Boris Becker was the first to denounce the tournament. John McEnroe and Andre Agassi also said no. Most of the others who qualified finally agreed the money was too good to pass up.

"My job is to play tennis," Pete Sampras said recently. "If someone offers you the money they're offering, it's really tough to turn it down."

Sampras has said since that he might yet withdraw, depending on the condition of his sore shin. And Andre Agassi said here that he, too, might pass it up.

ATP Tour officials publicly maintain a hands-off attitude; players are free to do as they please outside of their ATP commitments, they say.

Although they acknowledge discussing the Grand Slam Cup with Agassi, they are adamant that no pressure was brought to bear on him to withdraw. "We could be sued if we did that," said Richard Evans, chief spokesman for the ATP Tour.

It is curious, however, that Agassi should announce his about-face at the ATP Tour's showcase event. Curious, too, were Agassi's words. He said that after

having spoken to the people around him, he decided the Grand Slam Cup would be a deception to the public.

"What bothers me is that they are giving people the impression that this is the year-end tournament," he said. "One can play well two or three weeks in the year and qualify. It is a lot tougher to win a Grand Slam than it will be to win the Grand Slam Cup."

Agassi, who faces a \$25,000 fine and possible suspension from a 1991 Grand Slam event for breaching the agreement, said he had never felt good about signing to play in Munich but. "It was tough to turn down that kind of money," he said. He changed his mind because of "the job the ATP Tour has done with this tournament," adding, "I want this to be my final."

The acrimony between the ITF — which runs the Grand Slams, the Davis Cup and Olympic tennis — and the ATP Tour — which runs the professional tournament calendar — was most acute a year ago after it became evident that the ATP was succeeding in taking control of tournaments around the world. Since then, the organizations have observed an uneasy truce.

The ITF and the ATP Tour have coordinated their schedules, especially in respect to the 1992 Olympics. The ATP Tour has offered to discuss merging the World Championship and the Grand Slam Cup, but the ITF has rejected the proposal. In no case, said Mark Miles, chief executive officer of the ATP Tour, will the Grand Slam Cup be sanctioned as an official event.

"The Grand Slam Cup is an invitation event based on the results of four, and only four, events," Miles said. "The four greatest events in the world, but only four. The result is you have players ranked as high as No. 1 and as low as No. 67 who qualify."

The prospect of Agassi's being barred from a Grand Slam next year raises the possibility of retaliation by the ATP Tour, over which the players have 50 percent control. Some are even wondering if this could lead to a boycott, similar to that at Wimbledon in 1973.

Agassi said he knew the consequences of pulling out of the Grand Slam Cup, scheduled for Dec. 11-16.

"This is a moral issue," he said. "When I get up in the morning I want to be able to look in the mirror and feel good, and I wouldn't feel good about going there."

Revenge: Conner Sails by Bertrand

By Nick Stout

SYDNEY — It had been seven years since America's Cup rivals Dennis Conner and John Bertrand had raced against each other, but on Friday the two revealed the fire and aggression were still there.

In 1983, Bertrand skipped Australia II to yachting's most celebrated victory when he defeated Conner for the America's Cup, breaking the New York Yacht Club's 132-year hold on the trophy.

On Friday, Conner savored sweet revenge when he won the first race of the New South Wales E22 championships on Botany Bay.

In only his fourth sail on an E22, the world's fastest 30-foot (10-meter) keel boat, Conner took most of the race to adjust to his new boat, Menace Ten, but stormed home an easy winner.

A collision early in the race between Bertrand in Two Saints and a Maggie, and fellow America's Cup skipper Iain Murray in Fury, left Bertrand in the middle of the 55-boat fleet. He finished in seventh place.

Bertrand had dropped out of racing after his America's Cup victory.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Atlantic Division	W	L	Pct
Boston	5	2	.714
New York	3	3	.500
Philadelphia	4	2	.667
Atlanta	3	3	.500
Washington	2	4	.333
New Jersey	2	4	.333
Central Division			
Minneapolis	2	4	.333
Detroit	4	2	.667
Cleveland	3	3	.500
Indiana	4	2	.667
Chicago	3	3	.500
Orlando	2	4	.333
Charlotte	3	3	.500
WESTERN CONFERENCE			
Pacific Division	W	L	Pct
San Antonio	4	2	.667
Dallas	4	2	.667
Phoenix	3	3	.500
Utah	2	4	.333
Portland	1	5	.167
Midwest Division			
San Antonio	4	2	.667
Dallas	4	2	.667
Phoenix	3	3	.500
Utah	2	4	.333
Portland	1	5	.167

THURSDAY'S RESULTS

Orlando 101-104, J. Malone 13-4-14; Atlanta 101-104, R. Smith 13-4-14; Houston 101-104, R. Smith 13-4-14; Houston 101-104, R. Smith 13-4-14.

HOCKEY

NHL Standings

WALE CONFERENCE			
Pacific Division	W	L	Pts
NY Rangers	14	6	29
Philadelphia	12	8	24
Edmonton	11	9	22
New Jersey	10	11	21
Washington	10	10	20
NY Islanders	8	14	16
Atlantic Division			
Boston	11	6	23
Montreal	10	9	22
Buffalo	7	14	14
Quebec	7	14	14
Quebec	7	14	14
CENTRAL CONFERENCE			
Metropolitan Division	W	L	Pts
Chicago	12	6	24
St. Louis	11	7	23
Detroit	7	14	14
Minnesota	4	12	8
Toronto	4	14	8
Northeast Division			
Los Angeles	12	6	24
Calgary	11	7	23
Vancouver	9	10	18
Winnipeg	7	12	14
Edmonton	3	11	6

THURSDAY'S RESULTS

Quebec 4-3, Boston 3-2; Montreal 3-2, Toronto 2-1; St. Louis 4-3, Chicago 3-2; Detroit 3-2, Minnesota 2-1; Philadelphia 3-2, New Jersey 2-1; Washington 3-2, NY Islanders 2-1; NY Rangers 3-2, Edmonton 2-1; Philadelphia 3-2, New Jersey 2-1; Washington 3-2, NY Islanders 2-1; NY Rangers 3-2, Edmonton 2-1.

TENNIS

ATP Championship

Wales Conference			
Pacific Division	W	L	Pts
NY Rangers	14	6	29
Philadelphia	12	8	24
Edmonton	11	9	22
New Jersey	10	11	21
Washington	10	10	20
NY Islanders	8	14	16
Atlantic Division			
Boston	11	6	23
Montreal	10	9	22
Buffalo	7	14	14
Quebec	7	14	14
Quebec	7	14	14
CENTRAL CONFERENCE			
Metropolitan Division	W	L	Pts
Chicago	12	6	24
St. Louis	11	7	23
Detroit	7	14	14
Minnesota	4	12	8
Toronto	4	14	8
Northeast Division			
Los Angeles	12	6	24
Calgary	11	7	23
Vancouver	9	10	18
Winnipeg	7	12	14
Edmonton	3	11	6

THURSDAY'S RESULTS

Quebec 4-3, Boston 3-2; Montreal 3-2, Toronto 2-1; St. Louis 4-3, Chicago 3-2; Detroit 3-2, Minnesota 2-1; Philadelphia 3-2, New Jersey 2-1; Washington 3-2, NY Islanders 2-1; NY Rangers 3-2, Edmonton 2-1; Philadelphia 3-2, New Jersey 2-1; Washington 3-2, NY Islanders 2-1; NY Rangers 3-2, Edmonton 2-1.

TRANSACTIONS

Baseball

TEXAS — Assigned Gary Mallett and Joe Bittner, pitchers, and Jesse Stinner, catcher, to Oklahoma City, American Association. Purchased the contracts of Barry Mauer and Cedric Snow, pitchers, and Marty Farris and Jose Hernandez, infielders, from Oklahoma City. Purchased the contracts of Roger Pavlik, pitcher; Rob Hunsar, infielder; and Terry Sneed, outfielder, from Tulsa, Texas League.

Hockey

MONTREAL — Recalled Mario Robitaille, left wing, from Fredericton, American Hockey League.

Football

SEATTLE — Put Darren Cammison, line backer, on injured reserve. Signed Donald Miller, line backer.

National Football League

SEATTLE — Put Al Baker, defensive end, on injured reserve.

Baseball

SEATTLE — Put Darren Cammison, line backer, on injured reserve. Signed Donald Miller, line backer.

National Football League

SEATTLE — Put Darren Cammison, line backer, on injured reserve. Signed Donald Miller, line backer.

Baseball

SEATTLE — Put Darren Cammison, line backer, on injured reserve. Signed Donald Miller, line backer.

National Football League

SEATTLE — Put Darren Cammison, line backer, on injured reserve. Signed Donald Miller, line backer.

Baseball

SEATTLE — Put Darren Cammison, line backer, on injured reserve. Signed Donald Miller, line backer.

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Give Me Some Credit

Miami — Recently I received an exciting offer in the mail from my credit-card company. Usually the offers involve merchandise that no actual human would ever need.

"Dear Mr. Dave Barry," they say. "How many times have you asked yourself: 'Why can't I cook shish kebabs and enjoy recorded music?'"

But this recent offer was even better. This was an offer to sell me MY OWN CREDIT RATING. Yes. One of the great benefits of living in America is that, regardless of your race or religion or hygiene habits, you are entitled to have a credit rating maintained by large corporations with powerful computers that know EVERYTHING ABOUT YOU. For example, let's say that this morning you deposited your paycheck at the bank, made a phone call, wrote a check for your electric bill and charged some gasoline on your credit card. By this afternoon, thanks to high-speed laser fiber-optic data transmission, the computers will know EVERY SENSUAL FANTASY YOU HAD while you were doing these things. And don't think they keep it to themselves, either. They are as human as the next person. They go to computer parties, they have a few too many drinks, and the next thing you know they're revealing your intimate secrets at the rate of 4 billion per second.

That's why I was so excited about this offer from my credit-card company to sell me the TRW CREDIT RATING service. TRW, a large company that collects credit information about people and sells it. According to the TRW CREDIT RATING offer, if I give them \$20 a year, they'll let me see my information so I can "make certain that it is accurate."

In other words — correct me if I am wrong here — they're telling me that I should give them \$20 a year so I can look at the information ABOUT ME that they collected WITHOUT MY PERMISSION and have been selling for years to GOD ALONE KNOWS WHO so I can see if it's CORRECT.

Which it very well could be. Because even with computers, things sometimes go wrong. For example, just recently we got a phone call at home, at night, from a woman from a collection agency. She said we'd be

in big trouble if we didn't turn over four cable TV boxes, which she said we had failed to return to the cable company when we moved a year ago. I explained that 1) it was only two boxes, and 2) we had made three appointments with the cable company to get them, but nobody ever showed up, and 3) we would love to get rid of them, and 4) maybe SHE could get the cable company to come get them. The woman said, basically, that it was too late for that, because this matter had been turned over to a COLLECTION AGENCY, which is apparently several levels above the U.S. Supreme Court, and we better hand over four cable boxes or they would go on our Permanent Credit Record.

So I called up the cable company and joined the millions of Americans on hold, waiting to talk to one of the nation's estimated four cable-company service representatives, two of whom are on break.

Finally, miraculously, I got through, and even more miraculously, they came out and got our boxes. And I was feeling very good about America until the collection-agency woman called again, at night, to inform me that we'd be in big trouble if we didn't turn over the boxes. All four of them.

So I don't know what our credit record says. I wouldn't be surprised if it holds us largely to blame for the savings-and-loan scandal. So I'm definitely interested in the TRW CREDIT RATING offer.

However, I don't like to do business with an outfit unless I know something about it. So I've decided to develop a file on TRW. I'd certainly appreciate anything you can contribute. But I don't want any wild speculative unfounded rumors, such as:

• TRW is the world's largest distributor of hard-core pornography. TRW has destroyed two-thirds of the Earth's ozone layer.

• TRW is a satanic vampire cult headed by the love child of Jim Bakker and Leona Helmsley.

There is no need to run the risk that absurd statements such as these might get into print. In fact, it would probably be a wise idea for TRW to examine my file from time to time, just to make sure NOTHING IN-ACCURATE appeared in there.

I'm sure we can work something out.

Knight-Ridder Newspapers

Milli Vanilli: The Music Stops

By Richard Harrington

Washington Post Service

WASHINGTON — Milli Vanilli, the funky, deadlocked dance-pop duo who won a Grammy award for their debut album "Girl You Know It's True," didn't sing a note on it, group member Rob Pilatus has confessed.

The album, which sold 7 million copies and made Pilatus and Fab Morvan international stars, was recorded entirely by others. The disclosure was initially made in Munich Wednesday by Milli Vanilli's German producer, Frank Farian, after he fired the performers because they insisted on actually singing on a planned follow-up album.

Confronted by the Los Angeles Times last Thursday, Pilatus said, "I feel like a mosquito being squeezed. The last two years of our lives have been a total nightmare. We've had to lie to everybody. We are true singers but the maniac Frank Farian would never allow us to express ourselves."

Michael Greene, president of the National Academy of Recording Arts and Sciences, said Milli Vanilli may be stripped of their Grammy, a measure never taken in the 33-year history of the award. Grammy rules require artists to perform their own material.

"If there's been a substantial, fraudulent misrepresentation of the entity, I think there is a high likelihood that the academy would have to take some action," Greene said from Los Angeles.

Farian said he was forced to go public when the two men — who do an energetic but sloppy lip-synch performance in concerts — informed him earlier this month they wanted to sing on their sequel album.

"I said, 'No, I don't go for that. Sure, they have a voice, but that's not really what I want to use on my records,'" Farian told the Associated Press.

Though he refused to say who had actually done the singing, Farian said the album's title song was already recorded when the dynamic duo first showed up at his studio.

"It suddenly clicked in my mind, and it was kind of evident:



The Milli Vanilli duo: More style than substance.

I had the music, there were the people who wanted to perform outside," said Farian. "And I said, 'Hey, let's put that together and make a great record out of it.'"

Milli Vanilli has been a hardy perennial on MTV, which put their videos, "Girl You Know It's True" and "Blame It on the Rain," into heavy rotation, propelling the group up the Hot 100 charts. During last year's MTV awards, Pilatus and Morvan said they were better than Elvis, Bob Dylan or the Beatles.

Are their real talents limited to lip-synching and looking good? "Nothing more," Farian said.

The disclosure confirms rumors that had arisen almost as soon as the Milli Vanilli album and videos were released, particu-

larly after Pilatus and Morvan started doing interviews. It was apparent they knew and cared little about music — they talked mostly about fashion and stardom. In concert and on television programs, Milli Vanilli would lip-synch, often ineptly, their focus was clearly on the physical, not the musical.

Then there were the odd accents: Pilatus is from Guadeloupe, Morvan is the son of a white German mother and a black American soldier. Both were living in Germany, but met in Los Angeles. The men speak with a clumsy French-German accent that's absent on the album. On the album, they sound generic American.

Roy Lott, Arista's vice president for operations, said that it

was only this week that Farian confirmed the rumors. "Rob, Fab and Frank previously had told us that they did sing on the record."

Lott did not sound particularly mad, and it's doubtful Arista will be sending out 7 million apologies. Lott pointed out that Arista did not sign the group, but was simply responsible for the American distribution of an album originally released on the German Arista label. It sold 4 million copies outside the United States.

Recently, he said, "Frank told us Rob and Fab were insisting on singing, that he did not feel comfortable having them sing on the record and therefore decided to disband Milli Vanilli and establish a new group. Frank Farian is a creative genius, songwriter, arranger and producer, and he has my full support. Needless to say, we are eager to distribute his new group."

This new group does not yet have a name. Lott admits that he does not know the names of the singers, and that he hasn't asked. "We bank on the creative genius of Frank Farian."

Who did the singing on the album, then?

American Charles Shaw said in a Newsday interview a year ago that he did the singing, but subsequently recanted the claim.

From Germany Thursday, Shaw still avoided a clear-cut answer, but he told the Times that "once you hear me sing and then you have the Milli Vanilli record in your hand, even if I told you it wasn't me singing, you wouldn't believe me."

"Do I resent that Milli Vanilli made so much money and all I got was a studio fee?" he asked.

In the beginning, I was very upset because of all the things happening. But I put it to the side and at the present moment I plan to succeed on my own."

Meanwhile, Pilatus expressed a sense of relief.

"We were afraid for two years that this day would come," Pilatus said. "We've cried about it sometimes, that the secret might come out. But deep inside, we wanted it to happen. I'm happy now that I can talk to our fans about it. We won't let them down. I swear we will soon have an album out with our own voices on it which will prove our talent."

Ellis Cries 'Censorship'

Bret Easton Ellis blasted Simon & Schuster for its 11th-hour decision not to publish his new novel about a serial killer who mutilates women, saying it smacks of censorship. "If all this had been brought up 11 months ago, I would not say that," Ellis said. "But when it comes this late in the game and it seems that it was done just because Marvin Davis does not respond to this kind of fiction, then it is censorship."

Davis is head of Paramount Communications, the publisher's parent. Ellis said Simon & Schuster's action means the end of their relationship. "It's kind of sad. I've been with them since 1984 and I'm very close friends with my editor there. But I don't think there is any chance I would ever publish another book there again." A source said he would keep his \$300,000 advance. Robert Massie, the president of the 6,500-member Authors Guild, declared: "This is a black day for Simon & Schuster and a black day for American publishing. And sadly, it's a day the guild has been predicting would come since giant corporations started buying distinguished American publishing houses."

When "Grosses Love Songs" opens next week in New York after a week's postponement, it will be without Sally Kirkland, the Oscar nominee who was to co-star with Felicity Huffman and Chad Lowe.

Kirkland was fired after stopping Thursday's performance seven minutes into it and demanding that it begin again. The director, Kenneth Branagh, said: "I guess I was expecting it. I had heard she was a little thingy. I had heard she was a little thingy. I had heard she was a little thingy."

It may take another generation of American actors to completely recover from the excesses of the Method. Lee Strasberg has a lot to answer for at the Day of Judgment."

Lee Strasberg is about to make her debut as a director. That is, after she finishes making a couple of movies, including the one she's working on during her day off from her current starring stint on stage in Oslo in Next Off's "Private Lives." The Norwegian star said that in August 1991 she will begin three months of filming "Sofie." It is "based on a very fam-

ous Danish novel," she said, referring to "Mendel Philipson and Sons," by Henry Nathansens. When asked to direct the film, she said, "I felt it would be crazy if I didn't catch this opportunity." Regarding the prospect of acting in two new movies and directing a third, Ullmann said: "I think this is very unique for any woman, whether she lives in Hollywood or Iceland, to be offered. And I didn't even have a facelift."

As CBS anchorman for 19 years, Walter Cronkite was often approached by well-wishers who urged him to run for office. "Not once did any of them, and there were quite a lot, not once did they ask me where I stood on the issues — not once," said Cronkite, speaking at Harvard University.

The last trinkets from the Mustang Ranch, including a pink sequined gown worn by a former madam, have been sold at auction, bringing the total take for the Internal Revenue Service to \$1.95 million. The IRS had seized the Mustang Ranch, Nevada's most famous bordello, to pay off \$13 million in back taxes owed by the former owner, Joe Conforte. The IRS itself will run the brothel, before selling it at auction. Prostitution is legal in parts of Nevada.

A club whose members can tie nails into knots, pull trucks with their teeth and perform other weird feats has been formed in Moscow. Tass reports: "A show organized by the club, a 51-year-old Georgian named Jember Lezhava did nearly 35,000 pushups in 12 hours. Verikaria Sulimashvili, 17, another Georgian, pulled a 4,200-kilogram truck for 35 meters with a metal cable clenched between his teeth. Tass added, And Ivan Shatov, a Russian who has been nicknamed the 'King of Nails,' bent 20-centimeter nails into knots. The club's president, Fyodor Gogolev, a former reporter for the newspaper Sovetskoy Sport, said the 30 charter members had set 14 marks recorded in the Guinness Book of World Records."

Trevor Nunn, director of such hit musicals as "Cats" and "Phantom of the Opera," and his second wife, Sharon Lee Hill, are to divorce.

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